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DOCUMENTS RELATIFS AUX RELATIONS ENTRE LE CANADA ET TERRE-NEUVE

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VOLUME 2

1940-1949

CONFÉDÉRATION
CONFEDERATION

TOME II/PART II

Compilé par/Edited by
Paul Bridle

MINISTÈRE DES AFFAIRES EXTÉRIEURES
DEPARTMENT OF EXTERNAL AFFAIRS

TERRE-NEUVE/NEWFOUNDLAND

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DEPARTMENT OF EXTERNAL AFFAIRS

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PARTIE 1/PART 1

ÉVÉNEMENTS POLITIQUES
POLITICAL EVENTS

SECTION A

NÉGOCIATIONS DES CONDITIONS DE L'UNION
NEGOTIATION OF TERMS OF UNION

672. 10300-40

Mémorandum du ministère des Affaires extérieures

Memorandum by Department of External Affairs

SECRET Ottawa, August 3, 1948

NEWFOUNDLAND; ARRANGEMENTS FOR DISCUSSIONS WITH DELEGATION

At the meeting of the Cabinet on August 3rd, it was agreed that the Canadian delegation named to confer with the Newfoundland delegation consist of government representatives only, and that the Newfoundland delegation be received in Ottawa as soon as practicable (probably early in September).

It was also agreed that the "target" date on which union should become effective be confirmed as the beginning of the next fiscal year (1949-50) and that the Interdepartmental Committee on Newfoundland consider and report on urgent administrative problems of the interim period and matters of procedure and policy relating to union.

673. 10300-E-40

Mémorandum du sous-secrétaire d'État aux Affaires extérieures au secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

Ottawa, August 3, 1948

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[1] Après le referendum, le cours des événements est tel qu'on a cru bon de diviser la documentation par sujet. On trouvera une chronologie des événements dans les pages d'introduction du volume.

[1] After the referendum, the pattern of events is quite complicated and it was decided to divide the documentation by subject matter. A chronology of events can be found in the introductory pages of this volume.

NEWFOUNDLAND

Now that negotiations for Newfoundland's entry into Confederation are to begin and to be continued presumably over several months, there will be many complicated and difficult questions to be discussed and negotiated. The way these negotiations are conducted will have an importance on subsequent relations between the new province and the Dominion. There will be a good deal of sensitiveness on the part of the Newfoundlanders about the present position, and I think that it would be wise to lean over backwards to avoid giving any cause for irritation, especially since such irritation would linger long after Confederation is accomplished. This means, I suppose, that we should go out of our way to emphasize that Newfoundland is entering Confederation of her own free will and as a separate entity, and to avoid giving the impression that we are merely "taking Newfoundland over."

One way of creating the right atmosphere and developing good feeling in Newfoundland towards union would be to appoint a High Commissioner for the remaining months until Newfoundland becomes part of Canada. Such an appointment would be valuable from the public relations standpoint and would also be helpful in the actual conduct of the negotiations which will soon begin. Bridle, the Acting High Commissioner, is, of course, an able person and well informed on Newfoundland problems, but he has neither seniority nor prestige. For that reason, it might be desirable to appoint soon a well-known and popular Canadian to the post whose appointment would be flattering to Newfoundland.

If anyone is appointed, I should think it highly desirable that Mr. Bridle stay on in view of his intimate knowledge of Newfoundland conditions and his sense of atmosphere there.

If you think this idea a good one, in principle, we could begin to look around for the right man.[2]

L. B. PEARSON

674. PCO

Le secrétaire d'État aux Affaires extérieures au haut commissaire de Grande-Bretagne

Secretary of State for External Affairs to High Commissioner of Great Britain

Ottawa, August 6, 1948

Dear Sir Alexander [Clutterbuck],

I refer to the telegram of the Governor of Newfoundland to the Secretary of State for Commonwealth Relations dated August 5th, 1948,† a copy of which was forwarded to us by our Acting High Commissioner in Newfoundland, concerning

[2] C. J. Burchell fut nommé de nouveau haut commissaire à Terre-Neuve au mois de septembre.

[2] C. J. Burchell was again appointed High Commissioner in Newfoundland in September.

the announcement about the effective date of union between Newfoundland and Canada.

2. Would you kindly advise the United Kingdom and Newfoundland authorities that in the opinion of the Canadian Government it will not be practicable to effect union before the 31st March, 1949. The Canadian Government would have no objection to an announcement to this effect being made by the United Kingdom or Newfoundland authorities.

3. I understand that in a telephone conversation with Mr. MacKay of this Department earlier to-day, you intimated that the United Kingdom authorities agree with the date suggested above.

Yours sincerely,

L. B. PEARSON

675.

Extrait de The Mackenzie King Record[3]

Extract from The Mackenzie King Record[3]

. . .

The Prime Minister stayed on after his own speech until nearly 6.00 p.m. and returned in the evening about 9 o'clock. He "unfortunately missed Claxton's address. Smallwood of Newfoundland was speaking when I came in. He gave a humorous address. I had, too, unfortunately, missed Bradley. I don't know how they both came to be speaking but I think it would have been wiser if they had not appeared on the platform. I sat between the two of them. Had pleasant talks with each. Explained I thought it would have been better for our Convention not to pass any resolution on Newfoundland. It might raise the question of provinces claiming their right to have special say. Both agreed with me it would be unfortunate were any adverse comment to be made. I quite enjoyed sitting between these two men at that time and felt there was something quite significant about this little feature of the evening."

. . .

676. 2828-40

Extrait du Newfoundland Gazette du 10 août 1948

Extract from Newfoundland Gazette of August 10, 1948

. . .

Published by Authority

His Excellency the Governor in Commission has been pleased to appoint the following persons to represent Newfoundland in the forthcoming negotiations

[3]Volume 4, p. 360. La convention nationale du parti Libéral a eu lieu du 5 au 7 août. L. S. St. Laurent fut choisi comme chef du parti mais ce n'est que le 15 novembre qu'il remplaça Mackenzie King comme Premier ministre.

[3]Volume 4, p. 360. The National Convention of the Liberal Party was held from August 5 to 7. L. S. St. Laurent was chosen as the new leader of the party but he did not replace Mackenzie King as Prime Minister until November 15.

with representatives of Canada respecting the terms of Union between the two countries in accordance with the statement issued by the Right Honourable the Prime Minister of Canada on the 30th July, 1948.[4]

The Honourable Albert J. Walsh, K.C., LL.B. (Chairman)
F. Gordon Bradley, Esq., K.C., LL.B.
Chesley A. Crosbie, Esq.
Philip Gruchy, Esq., C.B.E.
John B. McEvoy, Esq., K.C., LL.B.
Joseph R. Smallwood, Esq.
Gordon A. Winter, Esq.

Dated the 5th day of August, 1948.

W. M. MARSHALL
Acting Secretary of
Commission of Government

677. DF/Vol. 783

Mémorandum du sous-ministre des Finances au ministère des Finances[5]

Memorandum from Deputy Minister of Finance to Department of Finance[5]

SECRET Ottawa, August 13, 1948

RE: NEWFOUNDLAND — THE INTERIM PROBLEM

This is to confirm the suggestion which I made the other day for dealing with the problem of probable loss of Customs revenue to Newfoundland and possible evasion of Canada's exchange restrictions during the interim period before Confederation can be consummated.

If the danger of loss of Customs revenue through failure to purchase goods in fairly normal quantity becomes a real one, it may prove desirable to get the Commission of Government to lower tariff rates to the Canadian level on condition that we undertake to make up to some extent for the resultant loss of revenue, but this should not be done unless the Commission of Government agrees at the same time to put into effect import restrictions on approximately the same basis as the Canadian ones. This would give us what we would regard as a *quid pro quo* for the additional financial payments to Newfoundland.

I think, however, that it is important not to get this suggestion to Newfoundland (or even to some of our Departments here) until a fairly late stage — at least as late a stage as is practicable, having in mind the Customs considerations. It should, I think, be brought in during the negotiations as part of our Canadian answer to the new financial claims which the Newfoundland delegation will undoubtedly make. If, however, the suggestion is made too soon, it will cease to have any value as a bargaining lever and will be merely added as another item in

[4]Voir le document 669. [4]See Document 669.
[5]A. B. Hockin.

the list of claims. Furthermore, I think the danger from the point of view of evasion of our exchange restrictions will not become real until we get closer to the effective date of Confederation. We cannot wait too long if adequate supplies are going to be made available to the Island but I think there is still a leeway of perhaps two or three months.

W. C. C[LARK]

678. PCO-CRF

Mémorandum du bureau du Conseil privé

Memorandum by Privy Council Office

SECRET Ottawa, August 13, 1948

NOTES ON ECONOMIC PROBLEMS DURING TRANSITION

At an informal gathering held on Tuesday, August 10th, 1948, in room 123 of the East Block, the economic problems that might arise in Newfoundland during the transitional period between the referendum and the date of union were discussed. The following were in attendance:

Mr. F. Gordon Bradley, Newfoundland
Mr. J. R. Smallwood, Newfoundland
Mr. R. Petton, Newfoundland
Mr. R. A. MacKay, External Affairs
Mr. A. R. Crépault, External Affairs
Mr. Alex Skelton, Trade and Commerce
Mr. G. A. Newman, Trade and Commerce
Mr. A. B. Hockin, Finance
Mr. J. R. Baldwin, Privy Council Office
Mr. Paul Pelletier, Privy Council Office

Mr. Bradley and Mr. Smallwood were invited to express their views on the effect the transitional period might have on Newfoundland's economy.

Mr. Bradley was of opinion that neither the consuming public nor the mercantile classes would be seriously affected during the transitional period but that there undoubtedly would be a serious drop in national revenue. He did not see, however, how this could be avoided no matter what steps were taken during the interim period. It was foreseeable that if Customs and Tariff matters were left untouched, imports of heavily dutiable goods would fall off considerably, with a consequent diminution in Newfoundland's revenue from customs duty. On the other hand, if Canadian Customs were to be extended immediately to Newfoundland, imports would undoubtedly remain normal but the drop in the Newfoundland's revenue would be even more serious than if the *status quo* were maintained. In the circumstances, he was of opinion that the actual date of union should be announced immediately but that no further action need be taken.

Mr. Smallwood generally agreed with Mr. Bradley's views. He added that no matter what provisional arrangements were made, food-stuffs would obviously

have to move at a normal rate. Imports of heavily dutiable goods such as hardware, dry goods, etc. would undoubtedly fall off very rapidly under present conditions. By the same token construction might presumably come to more or less of a standstill with resultant unemployment particularly in St. John's. It was pointed out, however, that no construction projects were carried on in Newfoundland during the winter months and that if union were to be consummated by Spring, economic difficulties such as an increase in winter unemployment would be minimized.

Mr. Petton, who in addition to owning a retail business in Newfoundland is agent for several of Newfoundland's large importers, was of opinion that the small retailers would be the class most seriously affected by the transitional period. The merchants in order to maintain their trade had to keep on hand a certain minimum of stock so that the consuming public, in any event, would not in his opinion be affected seriously. On the other hand, the tendency among the large importers was to unload duty-paid goods at a discount to retailers in order to avoid being caught with large stocks on hand at the date of union. The retailers could not advantageously buy goods in small lots and consequently it was quite possible that they might have to absorb fairly considerable losses at the date of union.

It was pointed out during the course of the discussions that the opinions expressed were not based on actual figures but rather on the personal knowledge and impressions of the informants. It was suggested that no decisive steps could be taken (if any need be taken) until actual figures were produced by the Newfoundland delegation with respect to the impact of the interim period on the Island's economy.

P. P[ELLETIER]

679. 10300-E-40

Le gouverneur de Terre-Neuve au secrétaire d'État aux relations avec le Commonwealth de Grande-Bretagne

Governor of Newfoundland to Secretary of State for Commonwealth Relations of Great Britain

TELEGRAM 188 St. John's, August 14, 1948

PERSONAL. SECRET. Repeated to UKREP Ottawa No. 13, Begins:

Your telegram No. 188.† I thought you would be interested to know that one of the most influential members of the Responsible Government League, one who had the high honour of winding up the whole campaign on behalf of the League in a nation-wide broadcast address on the eve of the poll, Mr. C. E. Hunt, K.C., received an invitation to be a member of the Delegation and declined. Also the person who had the distinction of introducing Mr. Hunt on the radio on the eve of the poll, Mr. R. G. Winter a leading businessman in St. John's, was invited to be a member of the Delegation. He also declined.

These invitations as you will appreciate like the rest of the invitations were addressed to individuals and not to organizations. Ends.

680. NPA/GN 10

Procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF FIRST MEETING HELD IN THE COLONIAL BUILDING, ST. JOHN'S, ON THE 25TH OF AUGUST, 1948, AT 11 A.M.

Present:

Hon. A. J. Walsh, K.C., Chairman
Mr. J. R. Smallwood
Mr. F. G. Bradley, K.C.
Mr. J. B. McEvoy, K.C.
Mr. C. A. Crosbie
Mr. Philip Gruchy, C.B.E.
Mr. G. A. Winter.[6]

WORK OF DELEGATION

1. In welcoming the members of the delegation to the meeting the Chairman explained that they had been appointed by His Excellency the Governor-in-Commission following upon a statement issued by the Prime Minister of Canada dated the 30th July, 1948 to the effect that, as a result of the Referendum of the 22nd July, 1948, the Government of Canada would be glad to receive authorized representatives of Newfoundland to negotiate terms of Union on the basis of his letter of the 29th October, 1947 to the Governor of Newfoundland, and documents transmitted therewith.[7]

2. As this was the first meeting of the full delegation to be held, the Chairman suggested that consideration might be given immediately to the manner in which the delegation should proceed with its work in order to accomplish it with the utmost efficiency and despatch. He had given careful thought to this matter and was of the opinion that, before going to Ottawa to enter into final negotiations, the delegation would undoubtedly wish to study the various documents submitted by the Canadian Government outlining the terms of Confederation, to examine the many problems with regard to the effects of Confederation upon Newfoundland which will present themselves to the members as a result of such study, and finally to consider such other problems of a similar nature as may be submitted to

[6] J. G. Channing, un fonctionnaire du gouvernement de Terre-Neuve, fut nommé secrétaire de la délégation et fut présent à toutes les réunions.

[7] Voir la pièce jointe, document 442.

[6] J. G. Channing, an official of the government of Newfoundland, became the Secretary of the Delegation and was present at all the meetings.

[7] See enclosure, Document 442.

the delegation by Governmental Departments or by representatives of local trade and industry. It was possible that members might have other views on this matter and he therefore invited their comments.

PUBLICITY

3. It was recommended by the Chairman and agreed unanimously, that members should refrain from issuing individual statements to the press and radio regarding the work of the delegation, and that any releases which it might be considered necessary to issue in this respect should be distributed through the Office of the Secretary.

TERMS OF REFERENCE

4. Mr. Smallwood suggested that, in view of the fact that the delegation had no definite Terms of Reference as such, it might be helpful to members in enabling them to determine as exactly as possible the nature of the duties of the delegation, if they could be supplied with copies of the statements issued by the United Kingdom Government, the Government of Canada and the Commission of Government following the Referendum of July 22nd. The Secretary was instructed to attend accordingly.

APPOINTMENT OF ADVISORY COMMITTEE

5. Mr. McEvoy stated that before going to Ottawa, or in fact, before attempting to enter into any discussions whatsoever with the Canadian Government relative to Confederation, he personally wished and intended to be fully and completely informed regarding the impact, on the future economy of the proposed Province of Newfoundland, of any final terms eventually agreed upon between the Government of Canada and the delegation. In his opinion this would require a vast amount of preliminary work regarding technical and financial matters, the expert assistance for which was not available in Newfoundland. He therefore recommended the immediate setting up of an Advisory Committee to assist the delegation, consisting of (i) one member from the United States experienced in government financing (ii) two members from Canada to advise on matters relative to provincial financing and (iii) two representatives of Newfoundland trade and industry. A memorandum† was submitted by Mr. McEvoy to the Chairman, and copies circulated to members, suggesting possible personnel under (i) and (ii) above.

6. The recommendations made by Mr. McEvoy evoked considerable discussion. There was general agreement on the desirability of obtaining expert advice but there was some difference of opinion as to whether a Committee such as suggested by him should be appointed before the delegation had actually encountered problems with which it was unable to deal either on its own or in consultation with local experts both in the Government and outside, or whether it should await the delegation's study of the information presently available after which it would be in a better position to determine just what problems existed and what steps should be taken to deal with them.

7. Following a thorough examination of the whole question, it was agreed, at the suggestion of the Chairman, that the matter should be deferred temporarily and that in the meantime, the delegation should proceed with its study of the

documents and information now at hand on the understanding that if, as the overall picture grew clearer as the work progressed, it appeared that expert advice was necessary in any connection, such advice would be obtained.

8. With further reference to this matter, the Chairman stated that the Newfoundland Government wished to assure the delegation that it was at liberty to call in for consultation or to enlist the services in any respect of any member of the Public Service and that in addition, he understood that officials of the Canadian Government were also willing to come to Newfoundland, if necessary, to discuss with local Government officials any problems arising out of the terms of Confederation upon which they might require information or elaboration. The delegation noted this fact with satisfaction.

IMPORTATIONS INTO NEWFOUNDLAND

9. Mr. Crosbie remarked that he had recently returned from a trip north during the course of which he had noticed considerable uneasiness amongst retailers and others in the matter of the importations of stocks particularly food supplies, for the coming Winter. It was evident that merchants were hesitant to import large quantities and, in certain cases, even sufficient quantities to meet local needs throughout the Winter because the position regarding Customs duties thereon was not entirely clear to them. From the standpoint of the possible injurious effect of shortages of food on the health and welfare of the residents in these areas he felt that this matter was one of considerable importance and urgency and that something should be done, either by the Commission of Government or by the delegation, to relieve the prevailing uncertainty.

10. Members generally appreciated the situation and agreed that it should be clarified immediately. It was therefore decided that the Secretary of Customs should be asked to appear before the delegation for consultation thereon at the earliest possible date. The Chairman undertook to approach Mr. Howell at once and to endeavour to arrange an interview for the 27th of August at 10 a.m.

REPRESENTATIONS SUBMITTED TO DELEGATION

11. A number of representations having been received by the Chairman from local interests relative to the effects of Confederation upon their operations and requesting the delegation to act on their behalf in an effort to obtain certain safeguards and/or concessions for them from the Government of Canada, it was decided that these representations should be given priority by the delegation in its deliberations.

The meeting adjourned at 1.00 p.m.

J. G. CHANNING Secretary

Confirmed. A. J. WALSH Chairman

681. 10300-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 441 St. John's, August 26, 1948

Sir,

I have the honour to refer to my telegram No. 161 of August 5th† regarding the personnel of the delegation appointed to visit Ottawa.

2. In my despatch No. 386 of August 3rd† I reported Mr. Crosbie's open letter in which he advised his supporters to remember the urgent necessity of uniting and working together for the good of Newfoundland. I enclose copies of a clipping from the St. John's *Daily News* of August 7th† which contains a copy of a letter which Mr. Crosbie wrote to the Governor on August 3rd and in which he agreed to serve on the delegation. In a covering letter to the editor of the *Daily News* Mr. Crosbie explains that when he agreed to serve on the delegation he requested permission to have his letter of acceptance made public and he asks the editor of the *Daily News* to publish his letter of acceptance for the information of the people of Newfoundland.

3. Mr. Crosbie's letter explains that before agreeing to serve on the delegation he conferred with the committees of the Economic Union party in St. John's and also sent the following telegram to the party's committees throughout Newfoundland:

> I have been requested by Governor to serve on delegation which will negotiate terms with Canada. In order to safeguard interests of well over seventy thousand Newfoundlanders who supported Responsible Government I feel compelled to accept but with proviso that if I regard terms as unsound or unfair I shall so advise people Newfoundland reserving right withdraw on these grounds from delegation. Would welcome your viewpoint. Reply collect.

Mr. Crosbie said that the replies received to this telegram concurred with the feeling of the St. John's committees that it was in the best interests of Newfoundland for him to agree to serve on the delegation.

4. Mr. Crosbie concluded his letter with the following paragraphs:

> As Your Excellency pointed out . . . the most urgent necessity for us all is to act in what will be the best interests of the people of Newfoundland so that we will be able to work and live together as a united people, whatever the future may hold for us.
>
> I will therefore accept Your Excellency's request that I serve on this Delegation going to Ottawa. I must, however, point out that I reserve the right to object if I regard the terms as unsound or unfair to this Island.

It will be noted that, whereas in his telegram to his committees Mr. Crosbie said that he felt compelled to agree to serve on the condition that he reserve the right to withdraw from the delegation if he regarded the terms as unsound or unfair, in his letter of August 3rd to the Governor he limited himself to saying that he reserves the right to object if he regards the terms as unsound or unfair.

5. I believe there is some feeling on the West Coast that that area of the country ought to have been represented on the delegation, but the only comment bearing directly on this point that I have seen in print is that contained in an editorial which appeared in the Corner Brook *Western Star* of August 20th in

which the newspaper expresses the opinion that the reason no one from the West Coast was invited to become a member of the delegation is that the Corner Brook area lacks an adequate organization to represent the community. It urges the people of the West Coast to realize that if they want their interests to be protected they must assert themselves and take a greater interest in public affairs.

6. The St. John's *Daily News* reported this morning that the Convention of the Newfoundland Federation of Labour, now meeting at Grand Falls, passed a resolution yesterday deploring the action of the Government in not appointing a representative of labour to the delegation which will go to Ottawa to negotiate the final terms of union. I enclose copies of the clipping which contains the text of the resolution.[†]

7. You are already I think familiar with the backgrounds and outlooks of most of the members of the delegation and in recent communications I have endeavoured to provide you with pertinent information regarding the remainder. It may be of interest here to add one or two facts which I have gleaned about Mr. Gruchy and Mr. Winter. Mr. Gruchy, as you know, is Vice-President and General Manager of the Anglo-Newfoundland Development Company, one of Newfoundland's two large pulp and paper companies. It is a subsidiary of a Canadian Company which, in turn, is controlled by the London *Daily Mail* interests in the United Kingdom. I understand that Mr. Elliot Little is head of the parent company in Canada. Mr. Gruchy is about 56 years of age and is a Newfoundlander by birth. I am told that he entered the employ of the A.N.D. Company at the age of 16 and that he has been with them ever since. I am told that he is also a director of some other companies. He is a member of the Anglican Church.

8. Mr. Gordon A. Winter is a member of the firm of T. and M. Winter and Sons, Limited, importers and exporters, and as you know is a Past President of the Board of Trade. Mr. Winter is about 35 years of age and a Newfoundlander by birth. His father, R. Gordon Winter, introduced Mr. Chas. E. Hunt when he made the final radio address of the political campaign for the Responsible Government League. I understand that Mr. Winter is not considered to be officially representing the Board of Trade on the delegation, but that he is rather regarded as a representative of business in general. His experience in the import-export field and his particular familiarity with the provision trade are thought, I think, to be of value to the delegation. Mr. Winter is also a director of a number of other local firms. He is a member of the Church of England.

I have etc.

PAUL A. BRIDLE

682. NPA/GN 10

Extraits du procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union[8]

Extracts from Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union[8]

MINUTES OF SECOND MEETING HELD ON THE 26TH AUGUST, 1948 AT 10 A.M.

All members were in attendance. The reading of the Minutes of the first meeting was deferred.

CONSULTATION WITH HEADS OF GOVERNMENT DEPARTMENTS IN NEWFOUNDLAND

12. Mr. Gruchy requested that the heads of the various Government Departments in Newfoundland should be asked to submit, for the information and guidance of the delegation, briefs describing the present *status quo* in their Departments, how those Departments would be constituted and function under Confederation and what problems may conceivably result from Confederation which, in their opinion, merited special attention by the delegation. He referred particularly to the question of Customs tariffs in which he was greatly interested and was most anxious to have a concise statement showing the details of the present Customs tariffs, including preferential tariffs, in Newfoundland compared with the tariffs which would be in effect after Newfoundland became a Province of Canada. Similarly with regard to natural resources, fisheries, income and corporation taxes, shipping and railway operations. He considered that this information would be of inestimable value to members and would assist them greatly in their subsequent negotiations in Ottawa when the time came for the delegation to endeavour to obtain from Canada the best possible terms for Newfoundland.

13. Mr. Gruchy's recommendation met with general approval and it was agreed that the heads of the Government Departments concerned should be approached immediately along the lines suggested by him. In the event, however, that these officials should not be thoroughly conversant with the changed conditions which will likely exist in their Departments after Confederation has been effected, it was also agreed that arrangements should be made to have officials of the Government of Canada come to Newfoundland immediately to discuss with local officials any points concerning which they may be in doubt. The Canadian officials should include experts on matters relative to tariffs, railways, shipping, civil aviation, mines and resources, fisheries and public health. The Chairman undertook to discuss this matter with the Acting High Commissioner for Canada without delay.

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[8] Dans les procès-verbaux de la délégation, le numéro de procès-verbal correspond au numéro de paragraphe. Chaque réunion a son procès-verbal mais les paragraphes sont numérotés consécutivement depuis la première réunion.

[8] In the delegation's minutes, a minute number is a paragraph number. Each meeting had its minutes but the paragraphs were numbered consecutively from the first meeting on.

MEMORANDUM FROM ASSISTANT DIRECTOR OF MEDICAL SERVICES, DATED JULY 31ST, 1948†

14. It was agreed that the suggestion contained in this memorandum should be taken up by the delegation with the Canadian Government. [. . .]

LETTER FROM THE NEWFOUNDLAND ASSOCIATED FISH EXPORTERS LTD. DATED AUGUST 2ND, 1948†

15. It was agreed that the request of NAFEL, in paragraph 10 of its letter, for representation of the salt fish trade on the delegation which will proceed to Ottawa was not one which the delegation was empowered to consider. The delegation was appointed by His Excellency the Governor in Commission and changes therein or additions thereto should be taken up through the proper channels.

16. The contents of the last paragraph of the letter from NAFEL were considered to be of importance and, in order to enable the delegation to enquire more closely into the matter, the Secretary was instructed to arrange for representatives from NAFEL to meet the delegation at 3 p.m. for the purpose of a full discussion thereon.

LETTER FROM ASSOCIATED NEWFOUNDLAND INDUSTRIES LTD. DATED 6TH AUGUST, 1948[8a]

17. The Secretary was instructed to request Associated Newfoundland Industries Ltd. to submit a detailed memorandum covering the various matters which it wishes to discuss with the delegation. Upon receipt and examination of same, the opportunity will be afforded their representatives to meet the delegation for discussion thereon.

LETTER FROM BAY OF ISLANDS BUSINESSMEN'S ASSOCIATION DATED AUGUST 10TH, 1948†

18. The memorandum[8b] attached to this letter covered a number of important matters all of which were considered at length by the delegation as follows:

(i) Knowledge of date of Confederation.

(ii) Effect on the country in the interim period.

(iii) Refund duties.

(iv) Subsidies, equalization and current domestic values.

Most of these points had already been discussed to some extent by the delegation and will be taken up in more detail with the Secretary for Customs at an early date.

(v) Fisheries. The delegation proposes to discuss all aspects of the fisheries with interested Government officials in accordance with the decision reached earlier in the meeting as set forth in Minutes 12 and 13.

(vi) Freight Rates. No comment.

[8a] Voir le document 1035.

[8b] Seulement un court extrait de ce mémorandum est reproduit au document 1038.

[8a] See Document 1035.

[8b] Only a short extract of this memorandum is reproduced as Document 1038.

(vii) United States imports. It was agreed that this suggestion is deserving of careful consideration and should be more fully explored with a view to the drawing up of proposals for submission to the Canadian Government at the appropriate time.

(viii) Government Agreements.

The Secretary was instructed to obtain a list of various Acts enacted by the Government of Newfoundland to date granting or confirming agreements granting special tax concessions etc., to private parties. He was also asked to obtain a statement showing, over the past two or three years, the total income tax paid to the Newfoundland Government by (a) Mining Companies operating in Newfoundland and (b) Companies operating in Newfoundland whose main business comprises the sale of electricity, steam and gas.

(ix) Personal Income Tax. It was agreed that this and other matters relative to income tax should be discussed by the delegation with the Assessor of Taxes.

(x) Matters for consideration after Confederation.

These matters were noted briefly by the delegation with particular regard to (h) thereof. Mr. Smallwood recommended that a record should be made now of the advisability of the delegation urging the Canadian Government to construct airports at various strategic places throughout Newfoundland. He had good reason to believe that they would react favourably to such a request although they would not be prepared to include an undertaking to do so as one of the terms of Confederation.

The Secretary was instructed to send an acknowledgement of this letter to the Association.

LETTER FROM CIVIL SERVICE ASSOCIATION
DATED AUGUST 11TH, 1948[†]

19. The Secretary was instructed to send a reply to the Association clarifying the points raised by them in this letter and enclosing copies of the Canadian Civil Service Act and Superannuation Act together with the Constitution and Reports of the Civil Service Association of Canada. It should be suggested to the Association that they study these documents and they should also be informed that if, after so doing, there are any further points which they may wish to take up with the delegation, the delegation would be pleased to discuss them with representatives of the Association in conjunction with the Secretary for Finance.

LETTER FROM THE BOARD OF TRADE
DATED THE 13TH AUGUST, 1948[8c]

20. The Secretary was instructed to reply to this letter along the lines agreed in Minute 17 in the case of the Associated Newfoundland Industries Ltd.

. . .

TELEGRAM FROM NFLD. FEDERATION OF LABOUR[†]

22. The Chairman referred to a telegram received by him from the Nfld. Federation of Labour in Convention at Grand Falls, copy of which had already

[8c]Voir le document 1039.

[8c]See Document 1039.

appeared in the local press. The nature of the reply to be sent thereto was discussed.

. . .

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Extraits du procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extracts from Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF THIRD MEETING HELD ON THE 26TH AUGUST AT 3 P.M.

All members of the delegation were present. Messrs. W. F. Hutchinson and J. Lawes, representing the Newfoundland Associated Fish Exporters Ltd. were also in attendance.

DISCUSSION WITH NAFEL REPRESENTATIVES

23. The Chairman informed Messrs. Hutchinson and Lawes that the delegation had before it their letter of the 2nd August 1948 wherein they referred to (1) the matter of contracts concluded to date by NAFEL in connection with the 1948 marketing of salt codfish and the status of these contracts after the date of Newfoundland's entry into Confederation and (2) the possibility of Newfoundland's controlling its fish markets under Confederation. The delegation was extremely interested in both questions and had thought it advisable to call them in for an informal discussion thereon.

24. With regard to the 1948 contracts the delegation was informed that justifiably or otherwise, the decision of Newfoundland to join Canada as the tenth Province had occasioned a certain amount of uncertainty amongst foreign buyers of Newfoundland salt codfish. It was appreciated by NAFEL that up to the 31st March 1949, the position of the organization was safeguarded but if, after that date, it should cease to operate, then presumably it would be unable to complete these contracts and the possibility of their failing to do so was presently causing difficulties in foreign markets which could reasonably be expected to increase, with the passage of time, unless buyers are given an assurance that the contracts will be carried out. The situation might result in a lowering of prices for 1948 which, in turn might affect prices in 1949.

25. Members of the delegation assured Messrs. Hutchinson and Lawes that they fully appreciated the position of NAFEL in this respect and were prepared to do everything in their power to assist. Unfortunately the matter was one which would have to be taken up with the Canadian Government and as this might not be possible for some time, the delegation enquired whether a delay of a month or so would result in any serious repercussions. Both representatives were of the opinion that it would not, but stated that they would deeply appreciate it if the delegation could arrange to have the matter receive priority upon its arrival in Ottawa.

26. With reference to the possibility of Newfoundland continuing to control its foreign fish markets after Confederation, Mr. Lawes described briefly the highly unsatisfactory marketing system in existence in this country some twelve or fifteen years ago, and the various improvements thereto and changes therein which were subsequently introduced, terminating with the creation of NAFEL. He felt that these changes had helped immeasurably to stabilize the salt fish industry and to obtain increased benefits for exporters and primary producers alike and he was strongly of the opinion that it would be disastrous if, as a result of Confederation all the progress which had been made to date were to be nullified practically overnight and the industry permitted to return to the chaotic conditions previously existing.

27. Members of the delegation assured Messrs. Hutchinson and Lawes that they were prepared to give sympathetic consideration to the representations made by NAFEL and would keep them in mind in their future negotiations with the Government of Canada. In order, however, that the delegation may have sufficient information to enable it to present as strong a case as possible to the Canadian authorities, Mr. Lawes undertook to submit a memorandum covering in more detail the points mentioned in his letter of the 2nd August, together with such other matters as he may wish to draw to the attention of the delegation. In the preparation of this memorandum, he will consult the Chairman of the Fisheries Board so that he also may have an opportunity to place his views before the delegation.

At this point Messrs. Hutchinson and Lawes withdrew.

TELEGRAM FROM NEWFOUNDLAND FEDERATION OF LABOUR

28. With further reference to this telegram, which was mentioned in Minute 22, the Chairman will draft a reply for the consideration of the delegation.

. . .

LETTER FROM THE BAVARIAN BREWING CO.
DATED 20TH AUGUST, 1948[t]

33. It was agreed that the question of Trademarks as referred to in this letter, with which should be included copyrights and patents, should be discussed with the Government of Canada and a strenuous effort made to have the final terms so worded as to protect Newfoundland interests. Prior to proceeding to Ottawa the delegation might request officials of the Newfoundland Department of Justice to enquire into the problem in conjunction with responsible Canadian officials. The Secretary was ordered to reply to the Company in the usual form.

. . .

684. NPA/GN 10

Procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF FOURTH MEETING HELD ON THE 27TH AUGUST 1948 AT 10 A.M.

All members were present. Mr. J. G. Howell, Secretary for Customs was also in attendance.

IMPORTATIONS INTO NEWFOUNDLAND

34. The Chairman informed Mr. Howell that the delegation had recently been considering the question of the carry-over of stocks by merchants throughout Newfoundland after the formal entry of Newfoundland into Confederation with Canada and the hardships and losses which this may involve. The purpose of calling him in for consultation was to ascertain whether there was any way, either by payment of refunds of duty or otherwise, whereby such losses could either be reduced or eliminated entirely.

35. Mr. Howell stated that his Department had also been studying this problem very closely but, to date, had been unable to find any completely satisfactory solution to it. As far as drawbacks of duty were concerned, he was convinced that, for reasons which he described in detail, this was absolutely impracticable. A partial answer to the problem was to place goods in bonded warehouses from which they could be withdrawn as and when required and duties paid thereon. Unfortunately, the number of bonded warehouses throughout Newfoundland was comparatively small and, although the Customs Department was only too willing to designate such warehouses, there were certain regulations to be complied with which had the effect of limiting their number. He admitted, upon questioning, that the authorities might be prepared to relax these regulations to some degree under the circumstances presently existing. He did not consider, however, that a general relaxation would be approved but rather that each case individually would have to be considered upon its merits. Mr. Winter suggested that publicity should be given to these facts so that persons interested may be aware of the position.

36. The suggestion was made that duties on importations from Canada should be removed entirely at some date prior to Confederation or else reduced gradually over a period of months prior thereto. Mr. Howell pointed out, however, that this would be tantamount to giving Canada preferential treatment which, by reason of international agreements to which Newfoundland had subscribed, it was prohibited from doing.

37. Mr. Smallwood was of the opinion that an announcement from the Commission of Government to the effect that the present Customs duties on imports from Canada would continue in effect until at least the 31st of March 1949, would meet the situation. Importers would then govern themselves accordingly and would certainly take steps to ensure that the stocks carried over by them after the date of Confederation were so small as to reduce their losses to a minimum.

38. Various problems confronting industry in Newfoundland in the matter of stocks of coal, hay, feeds, repair parts and supplies for logging operations were described by Mr. Gruchy and discussed at length. It was considered that in some instances at any rate, these problems could be solved by the setting up of bonded

warehouses but that in others, there appeared to be no alternative but for the industrial companies to accept the fact that nothing could be done to assist them. Mr. Howell requested Mr. Gruchy to approach Customs on behalf of his Company, to have the coal in their mill stockpile classified as being in bond, the duty to be paid thereon only as and when withdrawals therefrom are made.

39. During the discussions Mr. Howell remarked that Customs revenue during the months of April, May, June and July of the present year had decreased at the rate of approximately $400,000 *per mensem* as compared with the same period in 1947. He stated that this decrease was due to many factors not the least of which was the hesitancy of local importers to import goods in the usual quantities because of the Confederation issue. The delegation was keenly interested in this statement and felt that it provided a valuable argument to persuade the Government of Canada to increase its proposed transitional grants to Newfoundland to reimburse the Province for this loss of revenue. It was agreed that the matter should be further investigated.

SHIPPING

40. Mr. Howell undertook to prepare, upon receipt of a request therefor in writing from the Secretary, a brief dealing with shipping operations in Newfoundland at the present time so as to enable the delegation to compare existing conditions with the conditions which will become applicable after Confederation, and thus seek from the Government of Canada any concessions or safeguards which may be necessary to protect Newfoundland's interests.

41. The Secretary was also requested to obtain from Mr. Nelson Halfyard, Department of Public Works, information regarding the type of licence or ticket issued to, the qualifications, etc., required by and the terms of employment of officers, masters, mates, seamen, radio operators, stewards and other persons engaged in the Newfoundland maritime industry.

42. At this time Mr. Howell retired from the meeting.

LETTER FROM PRIME MINISTER OF CANADA DATED 29TH OCTOBER, 1947

43. Following the reading of this letter by the Secretary, Mr. McEvoy drew attention to the last six lines of paragraph 1 thereof which, in his opinion, testified to the soundness of his recommendation that an advisory committee be appointed immediately to assist the delegation to obtain complete and comprehensive information on all the issues involved in Confederation.

CLAUSE 1 OF GREY BOOK[9]

44. No comment.

CLAUSE 2 OF GREY BOOK

45. The Chairman stated that this clause required rewording and this fact was noted for future guidance.

CLAUSE 3 OF GREY BOOK

46. No comment.

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[9]Voir l'annexe à la pièce jointe, document 442. Les polycopies de ce document avaient une couverture grise.

[9]See sub-enclosure, Document 442. The mimeographed copies of this document had a grey cover.

CLAUSE 4 OF GREY BOOK

47. Mr. Crosbie requested that a note be made of the necessity of ascertaining from the Government of Canada at the appropriate time the classes and categories of persons to whom the various benefits described in this clause would or would not be applicable. He was thinking particularly of Newfoundlanders who had recently returned to Newfoundland to resume permanent residence or who may do so after Confederation and felt that it was important to have the position in respect of such persons thoroughly clarified.

The meeting adjourned at 1.00 p.m.

J. G. CHANNING Secretary

Confirmed. A. J. WALSH Chairman

685. NPA/GN 10

Procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF FIFTH MEETING HELD ON THE 27TH AUGUST, 1948, AT 2.30 P.M.

All members were present.

TELEGRAM FROM NEWFOUNDLAND FEDERATION OF LABOUR

48. A reply to the above-mentioned telegram, drafted by the Chairman, was amended in certain respects and ordered to be transmitted immediately.

CLAUSE 5 (1) OF GREY BOOK

49. It was not considered that the services described in this sub-clause should include the Clarenville ships which are operated by the Railway on an agency basis. These ships are Newfoundland Government property and, if they are taken over by the Canadian Government, the Newfoundland Government should be reimbursed therefor at their current market value. The suggestion was also made that, if they were so taken over, an effort should be made to obtain an undertaking from the Canadian Government to operate them in the Newfoundland trade. Mr. Smallwood stated that the question of the disposal of the Clarenville ships was not settled definitely in earlier negotiations with Canada. He thought it would be advisable for the delegation to prepare a case for their retention by Newfoundland.

50. With regard to the possibility of the Canadian Government extending the present railway and steamship services to include areas throughout the Island not at present enjoying these facilities, this matter was discussed at length but no particular decision was reached thereon as it was felt that Canada would undoubtedly do so if investigation showed that such extension was necessary for the welfare and development of these areas.

51. During the discussion on this sub-clause, Mr. Smallwood mentioned that when the proposed terms of Confederation were being discussed in the National

Convention, it was necessary to submit a number of supplementary questions to the Canadian Government. These questions, and the answers received thereto, were mimeographed and he requested the Secretary to obtain copies for the use of the delegation.

CLAUSE 5 (2) OF GREY BOOK

52. No comment.

CLAUSE 5 (3) OF GREY BOOK

53. No comment.

CLAUSE 5 (4) OF GREY BOOK

54. No comment.

CLAUSE 5 (5) OF GREY BOOK

55. No comment.

CLAUSE 5 (6) OF GREY BOOK

56. The Chairman explained, for the information of members, that the Newfoundland Government is occupying a number of buildings in St. John's as offices for different government services under an arrangement with the British Admiralty which provides that the Government may use these buildings but that, in the event of an emergency such as war, the Admiralty has the right to repossess them for its own use without further notice. It was agreed that if, after Confederation, the British Admiralty should turn over the control of these buildings to the Canadian Government, an undertaking should be given to Newfoundland by that Government that this arrangement will continue in effect.

CLAUSE 5 (7) OF GREY BOOK

57. No comment.

CLAUSE 5 (8) OF GREY BOOK

58. This clause will be reconsidered following the submission of the memorandum now being prepared by NAFEL (see Minute 27) and in consultation with responsible Newfoundland Government officials.

NEWFOUNDLAND RAILWAY AND STEAMSHIP SERVICES

59. Referring back to the discussion earlier in the meeting regarding the Newfoundland Railway (see Minutes 49 and 50) it was agreed that, in view of the importance of this matter, the General Manager should be called in for interview by the delegation without delay. The Secretary was instructed to arrange this interview for the 31st day of August 1948 at 10.00 a.m. and to inform Mr. Russell that the delegation wished to consult him with particular reference to clause 16 (2) and clause 16 (3) of the Grey Book, railway pensions, purchases of rolling stock and other equipment, the Railway Renewals Fund and the loan made to the Railway by the Newfoundland Government some years ago. The delegation would also be glad to discuss any points which he himself may wish to raise.

CLAUSE 5 (9) OF GREY BOOK

60. This clause will be reconsidered following the receipt of the comments of the Department of Natural Resources on Mr. A. W. Bentley's letter of the 16th

August, 1948 (see minute 30)[†] and in consultation with officials of that Department.

CLAUSE 5 (10) OF GREY BOOK

61. In discussing this clause, the position regarding the numerous small "fishermen's wharves," launchways etc., throughout the Island was considered. It was assumed, in view of Clause 8 (4) of the Grey Book, that the Government of Canada would be responsible for the maintenance etc., of the services but it was agreed that the matter should be taken up with Ottawa for clarification.

CLAUSE 5 (11) OF GREY BOOK

62. With regard to this particular clause, the Chairman felt that if the Canadian Government could be persuaded to build a number of marine hospitals in Newfoundland it would take considerable pressure off Cottage Hospitals.

63. The Chairman also pointed out that, at present, the Newfoundland Government pays no Customs duties on medical supplies and equipment imported direct for governmental use. Under Confederation, on the other hand, the Provincial Government will be required to pay duties on all such supplies imported from countries other than Canada and this may well entail considerable expenditures by the Government. Mr. Crosbie considered that that was an additional reason why the Canadian Government should agree to increase the transitional grant as already discussed. (see Minute 39).

CLAUSE 5 (12) OF GREY BOOK

64. Mr. Smallwood recommended that the delegation should endeavour to obtain an understanding from the Canadian Government that when the Broadcasting Corporation of Newfoundland is taken over by C.B.C. it will not, for obvious reasons, be used for the premature "Canadianization" of the people of Newfoundland but that, on the contrary, it will be permitted to retain its essentially Newfoundland character. This recommendation was noted.

65. The Chairman enquired whether the Newfoundland Government, after Confederation, would be required to pay C.B.C. for time over the local stations for Governmental programmes such as those now broadcast through B.C.N. This question will be taken up by the delegation in Ottawa and, if necessary, an effort made to obtain special concessions for Newfoundland in this respect.

66. The Chairman also drew attention to the fact that when the original loan was made by the Newfoundland Government to the Broadcasting Corporation it was stipulated that, from any profits made by the Corporation, a sinking fund was to be established. When this fund reached a certain figure, any surplus over and above that figure was to be repaid to the Government. The fund has long since exceeded the limit originally set but the Government has permitted the Corporation to retain the surplus in order to enable it to expand its system. He felt that there was justification for the Newfoundland Government to request repayment of this money, in accordance with the terms of the original Agreement, after the Corporation has been absorbed by the C.B.C. The Chairman agreed to obtain a statement regarding this fund from the Secretary for Finance.

CLAUSE 5 (13) OF GREY BOOK

67. No comment.

CLAUSE 6 OF GREY BOOK

68. It was agreed that the Canadian Government should be requested to give a definite undertaking as to the minimum number of county courts which it will establish in Newfoundland following Confederation. At the present time the delegation is unable to determine what this minimum should be but it was anticipated that it would not be less than six or seven courts.

CLAUSE 7 OF GREY BOOK

69. The discussion on this clause was not recorded.

CLAUSE 8 (1) OF GREY BOOK

70. It was agreed that the Canadian Government should be requested to assume the cost of three steamships rather than two as provided for in this clause.

71. The position regarding the purchase of new rolling stock and other equipment will be discussed with the General Manager of the Railway (see Minute 59).

CLAUSE 8 (2) OF GREY BOOK

72. It was considered that, in addition to reimbursing Newfoundland for the buildings and equipment described in this Clause, the Canadian Government should also be requested to reimburse Newfoundland for R.A.F. buildings, etc., purchased in 1947-48 valued at $200,000. Since the terms of Confederation were first discussed in 1947, the Newfoundland Government has also incurred considerable expenditure on repairs and extensions, etc., to runways, on the setting up of stocks of coal, food, etc., and on various other undertakings. It is possible that a good case can be made for the repayment of this expenditure also and, in order to enable the delegation to explore the matter further, the Secretary was instructed to arrange for Messrs. Pattison[10] and Sparry to come in from Gander for consultation at 10.00 a.m. on the 30th August, 1948.

CLAUSE 8 (3) OF GREY BOOK

73. No comment.

CLAUSE 8 (4) OF GREY BOOK

74. No comment. (see Minute 61).

CLAUSE 8 (5) OF GREY BOOK

75. No comment.

CLAUSE 8 (6) OF GREY BOOK

76. No comment. (see Minute 49).

CLAUSE 8 (7) OF GREY BOOK

77. No comment.

CLAUSE 8 (8) OF GREY BOOK

78. No comment.

CLAUSES 8 (9) AND 8 (10)

79. These clauses were considered to require elaboration in order to provide that ownership of Public Buildings used primarily for Provincial services should

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[10]Directeur de l'aviation civile de Terre-Neuve.

[10]Director of Civil Aviation of Newfoundland.

be retained by the Provincial Government and of those primarily used for Federal services by the Government of Canada.

The meeting adjourned at 5.00 p.m.

J. G. CHANNING Secretary

Confirmed. A. J. WALSH Chairman

686. NPA/GN 10

Extraits du procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extracts from Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF SIXTH MEETING HELD ON THE 28TH OF AUGUST, 1948, AT 10.00 A.M.

All members were present with the exception of Mr. McEvoy.

...

CLAUSE 9 OF GREY BOOK

81. For the benefit of members, Mr. Smallwood described the negotiations and discussions leading up to the inclusion of this clause in the Terms of Confederation and the reasons underlying its inclusion.

ISSUE OF PUBLIC NOTICE REGARDING WORK OF DELEGATION

82. It was ordered that notice of the appointment of Mr. Channing as Secretary to the Delegation should be issued to the public and that such notice should also state that any persons wishing to submit representations to the Delegation on any matter connected with its work should do so in writing to him.

CLAUSE 10 OF GREY BOOK

83. No comment.[. . .]

CLAUSE 11 (1) OF GREY BOOK

84. Mr. Smallwood informed members that the amount to be paid to the Province of Newfoundland on the basis of "80 cents per head of the population" would be based on the population of Newfoundland in 1942 (which would have to be estimated, in the absence of accurate data thereon) and would continue at that figure until 1952 when a new census would be compiled.

CLAUSE 11 (2) OF GREY BOOK

85. Mr. Smallwood stated that the amount of the subsidy to be paid Newfoundland as specified in this Clause was higher proportionately than that paid to any of the Maritime Provinces. He explained the basis on which the amount of the subsidy paid to these Provinces was calculated and said that if this same basis were to be applied to Newfoundland, the subsidy would not exceed $900,000. In order to avoid any possible repercussions in the Maritime Provinces, the words "and in recognition of the special problems created for the Island Province of Newfoundland by geography and a sparse and scattered population" had been included in the clause. There was absolutely no possibility, in his estimation, of having the amount of the subsidy increased.

86. The Chairman, in review, said that the position apparently was that the amount of $1,100,000 specified in the Clause was made up of (i) an amount based on the Maritimes Awards Act and (ii) an additional amount over and above that Act granted by the Canadian Government for reasons applicable to Newfoundland only and to no other Province. The amount under (i) was fixed by Statute but evidently (ii) was not and he wondered whether it would not be advisable to have it so fixed.

CLAUSE 12 GREY BOOK

87. It was agreed that the Government of Canada should be requested to extend the period within which the option to enter a tax agreement must be exercised, from "six months" to "nine months" after entry into Confederation because of possible delays in holding Provincial elections in Newfoundland, and arranging for an early session of the Provincial Legislature to consider this question after the date of union.

88. It was further agreed that when final negotiations were being conducted in Ottawa the terms agreed upon should be so worded as to make it unequivocably clear that Newfoundland was being given the right only to enter into a tax agreement but was in no wise obligated to do so. Whether or not this right was eventually exercised was a matter for the Provincial Government to decide.

89. Mr. Smallwood explained the significance and effect of subsection (2) of this Clause in the event that members had not had an opportunity to study it.

CLAUSE 13 OF GREY BOOK

90. The Chairman enquired as to the exact basis upon which the scale of diminishing Transitional Grants set forth in this Clause was calculated. Mr. Smallwood, in reply, informed him that no fixed basis was followed in this respect. In the early negotiations in Canada, the amount of the Transitional Grant to be paid to Newfoundland and the amount of subsidy under Clause 11 (2) varied considerably from time to time. At first, the former was much lower and the latter much higher than as at present provided. As negotiations continued, however, the subsidy under Clause 11 (2) was decreased to its present figure and, in order to compensate for this reduction, the Transitional Grant was increased up to the point set forth in Clause 13.

91. The Chairman stated that it appeared to him that the Canadian Government, in drawing up this scale, evidently assumed that the Transitional Grant and other payments from Canada, together with such revenue as the Provincial Government of Newfoundland might otherwise collect, would be sufficient to support the Province. The Canadian Government must also have anticipated that, as the grant diminished, the Province would increase its revenue by new or additional taxation. He suggested that if evidence could be submitted to Canada showing beyond doubt that the Transitional Grant plus these payments and other revenue collected was not sufficient to support the Province during its early stages or that it was impossible, for various reasons, to impose new taxation or to increase existing taxation, then Newfoundland was justified in requesting that the Transitional Grant should be placed on a higher scale, e.g. $5,000,000 for the first three years decreasing thereafter at the rate of $500,000 annually.

92. Mr. Smallwood felt that Canada would be prepared to give favourable consideration to a request of this nature but not if it was founded on the contention that Newfoundland's "fiscal needs" were such as to warrant an increase in the Grant. The Federal Government of Canada has consistently refused any requests from the Provinces for additional monies for the express purpose of meeting their fiscal needs and would undoubtedly adopt the same attitude towards Newfoundland. True, in some cases Provinces have received additional grants from the Government for this reason, but the purposes for which the grants were made have been so well camouflaged in the Annual Estimates as to defy detection and the Federal Government has exercised every precaution to conceal the fact so as to avoid trouble with other Provinces. If the delegation is to be successful in its negotiations in this respect, it must devise some formula or present some argument in support of its request which is apparently applicable to Newfoundland only, although, in fact, it need not necessarily be.

93. The Chairman considered that the argument already given in Clause 13 for the present scale could be applied with equal accuracy and force to any increase therein, i.e. "to facilitate the adjustment of Newfoundland to the status of a province and the development by Newfoundland of revenue-producing services."

94. Mr. Bradley was of the opinion that a strong case for increasing the Grant in the first year of Confederation, at least, was to be found in the statement of the Secretary for Customs that Customs revenue had been decreasing at a high rate due in part to the hesitancy of local importers to import goods in the usual quantities because of the Confederation issue. (See Minute 39). Equally strong arguments could be advanced in favour of an increase in the Grant for other years, some of which the delegation had already discussed.

95. The Chairman said that the delegation's hand would also be strengthened considerably if it could be shown that the figures of revenue and expenditure set forth on page 16 of the Grey Book were incorrect and that, in actual fact, the Government of Canada would spend less money in Newfoundland and receive more money from Newfoundland than was estimated. This view met with general approval. As far as Canada's expenditures in Newfoundland are concerned, the delegation had already discussed ways and means whereby these could conceivably be less than estimated. With regard to revenue received by Canada from Newfoundland, it was difficult at present to ascertain the true situation. The only figures available on the matter were those prepared by the Canadian Government which various members were not prepared, *ipso facto*, to accept as correct. It was agreed that these figures would have to be thoroughly checked before further progress could be made along these lines.

96. Mr. Smallwood doubted that the situation envisaged by the Chairman in Minute 95 above, even if it could be substantiated by irrefutable evidence, would carry much weight with the Government of Canada as regards increasing the Transitional Grant. Other members of the delegation, however, felt that, whether it would or not, it would at least dispel the belief, so widely held throughout Canada and elsewhere and which well may place the delegation at a decided disadvantage in its subsequent negotiations, that Canada is being extremely generous to Newfoundland in the terms of Confederation which it has offered to us.

PROPOSED RENTAL OF LABRADOR'S NATURAL RESOURCES TO THE CANADIAN GOVERNMENT

97. As a result of a lengthy discussion on this proposal, which was put forward by Mr. Crosbie for the consideration of the members, it was agreed that no action should be taken thereon by the delegation. Arguments advanced most forcefully against the proposal by Mr. Gruchy, particularly from the viewpoint of Labrador's timber resources and their value to Newfoundland, were of great interest and assistance to the members in their discussions on the matter.

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687. NPA/GN 10

Procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF SEVENTH MEETING HELD ON THE 28TH DAY OF AUGUST AT 2.30 P.M.

All members were present with the exception of Messrs. McEvoy and Crosbie.

CLAUSE 14 OF GREY BOOK

98. This clause met with general approval by reason of the fact that it presented an avenue of approach to Newfoundland to renegotiate with the Government of Canada during the transition period if it found that it was unable to operate as a Province on a sound financial basis.

VISIT OF CANADIAN OFFICIALS TO NEWFOUNDLAND

99. The Chairman reported that he had been informed by the acting High Commissioner for Canada that various Canadian officials would be coming to Newfoundland next week for discussions with local Government officials on matters arising out of the entry of Newfoundland into Confederation.

CLAUSE 15 OF GREY BOOK

100. No comment.

CLAUSE 16 OF GREY BOOK

101. Sub-section (3) of this clause was noted with satisfaction as it was felt by members that the treatment of through traffic moving between North Sydney and Port-aux-Basques as all rail traffic would be of considerable advantage to Newfoundland. Mr. Winter pointed out, however, that the Maritime Freight Rates Act, 1937, applied solely to railway traffic and consequently the benefit of it would be enjoyed only by those areas accessible by rail. A large part of Newfoundland, on the other hand was accessible only by steamship and presumably would benefit very little, if at all. He enquired whether there was any possibility of the Canadian Government extending the Act to the Newfoundland Steamship service on the grounds that, whilst the Maritime Provinces were serviced by more than one railway, Newfoundland was not and therefore, because of its lengthy coastline and numerous isolated areas, was forced to use steamships for the

carriage of freight to a greater extent than these Provinces. Mr. Smallwood thought that there was very little chance of Canada agreeing to a request of this nature because of the dissension which it might arouse in the Maritime Provinces but agreed that the suggestion should be kept in mind for further consideration.

102. Mr. Gruchy pointed out that the Grey Book contained no reference either in clause 16 or elsewhere, to passenger and express rates. He presumed that, as a Province Newfoundland would be governed by such legislation or other arrangements as may exist in Canada respecting these matters but he felt that a definite provision to this effect should be included in the terms so that there could be no doubt on the point.

103. During discussions as set forth in Minutes 101 and 102 above, Mr. Smallwood referred members to page 67 Vol. II of the Black Book[11] containing a memorandum prepared by responsible Canadian Government officials with regard to the operation of the Newfoundland Railway and Steamship Service by Canada after the entry of Newfoundland into Confederation. This memorandum was read by the Chairman and it was agreed that detailed consideration thereof should be deferred until the delegation held its proposed consultation with the General Manager of the Railway.

CLAUSE 17 OF GREY BOOK

104. This clause was considered to be in order in so far as it applied to employees of the Government other than those of the Newfoundland Railway. It was agreed that, in the case of Railway employees the clause would probably require amendment, but that the exact nature of such amendment and the matter of railway pensions generally should be discussed with Mr. Russell.

CLAUSE 18 OF GREY BOOK

105. No comment.

CLAUSE 19 OF GREY BOOK

106. The Chairman questioned the wording of this clause and recommended that, before any definite decision was made regarding it, the delegation would be well advised to submit it to the Secretary for Education and his Executive Officers for their examination and comments. The Secretary was instructed to proceed accordingly.

CLAUSE 20 OF GREY BOOK

107. No comments.

CLAUSE 21 OF GREY BOOK

108. It was agreed that the penultimate line of this clause should be amended so as to render "the authority of the Parliament of Canada" unnecessary in the

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[11] Nom qu'on avait donné, à cause de la couleur de la couverture, aux deux volumes polycopiés, *Rapport des entretiens des délégués de la Convention nationale de Terre-Neuve et des représentants du gouvernement canadien*. Voir le document 421.

[11] Name given, because of the colour of the cover, to the two mimeographed volumes, *Report of Meetings between Delegates from the National Convention of Newfoundland and Representatives of the Government of Canada*. See Document 421.

event that present legislation respecting the manufacture and sale of oleomargarine throughout Canada is repealed or declared unconstitutional.

CLAUSE 22 OF GREY BOOK

109. Noted.

CLAUSE 23 (1) OF GREY BOOK

110. Members were in some doubt as to who, exactly, constituted the "people of Newfoundland" but it was felt that this was a matter for the Government of Canada to determine and define.

CLAUSE 23 (2) OF GREY BOOK

111. Consideration was given to the question whether the word "authorities" as used herein was applicable to the Newfoundland Fisheries Board. The Chairman felt that this was a legal question which should be referred to the Justice Department for interpretation. He thought that it would be extremely advisable to have a representative of that Department accompany the delegation to Ottawa for consultation on any legal matters which may arise and to retain the services in Ottawa of a Canadian expert in Constitutional Law.

CLAUSES 23 (3) AND 23 (4) OF GREY BOOK

112. No comment.

CLAUSE 23 (5) OF GREY BOOK

113. The Chairman asked how the rights of Newfoundland under the Air Transit Agreements and the Goose Bay Airport Act would be affected by this clause and stated that this was a matter which could have to be brought up for discussion in Canada at the appropriate time.

The meeting adjourned at 4.50 p.m.

J. G. CHANNING Secretary

Confirmed. A. J. WALSH Chairman

688. NPA/GN 10

Extraits du procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extracts from Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF EIGHTH MEETING HELD ON THE 30TH OF AUGUST, 1948, AT 10.00 A.M.

All members were present. Messrs. Pattison and Sparry, Gander Airport, were also in attendance.

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GANDER AIRPORT

118. The Chairman informed Messrs. Pattison and Sparry that the delegation had recently been considering clause 8 (2) of the Terms of Confederation, as contained in the Grey Book, with reference to the transfer of Gander Airport to Canada after Confederation. Whilst doing so, various points had suggested

themselves to the delegation which, it was felt, should be discussed in Ottawa before final terms were negotiated and it was to obtain their views thereon that they had been called in for consultation. He read clause 8 (2) for their information and listed some of the additional points arising therefrom which the delegation had considered, as follows:

(i) the purchase of R.A.F. buildings by the Airport at a cost of $200,000, which was not known to the National Convention delegation during its negotiations with Canada in 1947,

(ii) capital expenditures incurred by the Airport in connection with its operations in recent years, such as repairs and extensions to buildings, runways, etc., and

(iii) the setting up of stocks of coal, food, etc.,

. . .

123. Mr. Gruchy asked that Messrs. Pattison and Sparry prepare a brief setting forth any points in connection with the transfer of the control of the airport to Canada which they considered should be brought to the attention of the delegation or might be of assistance to it in the course of its forthcoming negotiations in Ottawa. Amongst other matters, this brief should include (i) a statement of all sums which in their opinion Canada should repay to Newfoundland and their reasons therefor and (ii) a note on the present position at the airport regarding any concessions given or leases, etc., issued to other parties, and their recommendations as to the continuance or otherwise thereof under Confederation. Mr. Gruchy thought that the delegation should endeavour to obtain every possible benefit for Newfoundland following the transfer of the airport and asked Messrs. Pattison and Sparry to keep this objective in mind in the preparation of this brief.

. . .

132. The question of Fifth Freedom Traffic[12] and Canada's policy regarding same were raised by Mr. Pattison and discussed at length. He was asked to cover this and any other problems of a similar nature which may occur to him, in the brief mentioned above.

133. The position regarding the construction and maintenance of roads within the airport area was considered from the viewpoint of Canada's liability therefor after Confederation. It was agreed that Canada should be required to assume responsibility for the maintenance, etc., of such roads and to enable the delegation to determine the exact area involved, the Secretary was instructed to obtain a description of the boundaries of the airport from the Secretary for Public Utilities together with an Abstract of Title to the lands comprised therein.

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[12] Voir la référence 2 du document 1068 du volume I.

[12] See footnote 2 of Document 1068 in Volume I.

689. NPA/GN 10

Procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF NINTH MEETING HELD ON THE 31ST AUGUST, 1948, AT 10.00 A.M.

All members were present. Messrs. Russell[13] and Marshall[14] were also in attendance.

NEWFOUNDLAND RAILWAY

134. The Chairman, on behalf of the delegation, requested Mr. Russell to submit his views on the difficulties and problems which may arise at Ottawa during negotiations with respect to the Newfoundland Railway and Steamship Services. Mr. Russell gladly consented to do so and, for the purpose of facilitating matters, referred members to page 67 of Vol. II of the Black Book as follows:

(i) Administration

It was considered that the Newfoundland Railway should have a higher status than that of a division of the Atlantic Region and that in addition, the officer in charge in St. John's should be of higher rank than Divisional Superintendent. The delegation agreed with this view and will prepare a case in support thereof for presentation to the Government of Canada.

(ii) Freight Rates

Mr. Russell stated that the treatment of freight moving from North Sydney to Port-aux-Basques as all-rail traffic, together with the application of current Canadian freight rates, will cut the present Newfoundland rates in half and will be of considerable benefit to Newfoundland generally. Unfortunately North Sydney cannot handle all of our imports from Canada, and as a result a large proportion will still have to be carried by steamship at existing rates. To eliminate this and to ensure that those areas of Newfoundland which are serviced entirely by steamship will receive the benefit of reduced freight rates in the same proportion as the areas accessible to the railway, it will be necessary either to subsidize our steamship service or to endeavour to have the Maritime Freight Rates Act so extended as to make it applicable to the Steamship Services. The delegation had already noted this point for further consideration.

(iii) Passenger and Express Rates

The view was again expressed that the position with regard to passenger and express rates under Confederation should be clearly set forth in the final Terms.

(iv) Condition of Property

Mr. Russell agreed that the cost involved in rehabilitating the railway, as set forth in this section, was by no means over-estimated but on the contrary ap-

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[13]Directeur général du chemin de fer de Terre-Neuve.

[14]Secrétaire aux Finances de Terre-Neuve.

[13]General Manager of Newfoundland Railway.

[14]Secretary for Finance of Newfoundland.

peared to be somewhat low. At this point there was considerable discussion with regard to expenditure on capital account by the railway in recent years such as purchase of new rolling stock, re-railing and other improvements, building of bridges, setting up of stocks of supplies etc. Reference was also made to the loan of approximately $1,250,000 to the Railway by the Newfoundland Government and to the Railway Renewals Fund. At the request of the delegation Mr. Russell undertook to prepare a brief on these matters and to include therein his recommendations, as to the extent to which the Canadian Government should compensate the Newfoundland Government therefor at the time it assumes control of the railway.

(v) Steamships

It was agreed that it would be difficult to justify a claim for payment on account of the "Cabot Strait" in view of the fact that the vessel was in operation at the time the Terms of Confederation were first being discussed. Mr. Russell pointed out that the number of vessels operated by the Railway was 11 and not 19 as stated in this section. The Clarenville ships were not owned by the Railway but were merely operated on a commission basis for the Newfoundland Government.

PENSIONS

135. In view of the fact that employees of the Newfoundland Railway were not entitled to any pension "under Newfoundland law," it was agreed that the wording of Clause 17 of the Grey Book should be amended so as to ensure that the provisions thereof would be extended to them. It was also agreed that an endeavour should be made to have Canada assume responsibility both for the payment of pensions to employees of the Railway already superannuated and also for payment of pensions, in the case of future pensioners, in respect of the part of their pension which relates to services with the Newfoundland Railway prior to Confederation. Mr. Russell was asked to consider this matter and submit any recommendations he may wish to make regarding it.

136. Mr. Crosbie asked if a similar undertaking could be obtained from Canada in the case of other services to be taken over.

SHIPMENTS OF FISH FROM HALIFAX TO WEST INDIES

137. Mr. McEvoy stated that Maritime exporters shipping fish from Halifax to the West Indies can land fish in the West Indies at $1.00 per quintal less than Newfoundland exporters. He considered that an effort should be made to have this service extended to Newfoundland so as to place Newfoundland on a comparable basis with the Maritimes.

. . . The meeting adjourned at 1.00 p.m.

J. G. Channing Secretary

Confirmed. A. J. Walsh Chairman

690. NPA/GN 10

Extraits du procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extracts from Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF TENTH MEETING HELD ON THE
31ST OF AUGUST, 1948, AT 2.30 P.M.

All members were present. The Assessor of Taxes was also in attendance.

The Chairman explained to Mr. Allen that he had been requested to appear before the delegation so that members could obtain his views regarding the accuracy or otherwise of the figures with regard to taxes contained in Vol. I of the Black Book (p. 116) and on p. 16 of the Grey Book under the heading of "Probable Federal Revenue."

PERSONAL INCOME TAX

138. Mr. Allen stated that some of the figures set forth on p. 116 of Vol. I of the Black Book were incorrect. The correct figures were quoted by him for the information of the delegation.

139. With reference to the probable revenue of $3,200,000 from personal income tax shown on p. 16 of the Grey Book, Mr. Allen said that he had not yet had an opportunity to go into this matter thoroughly but at the moment and as a result of the somewhat incomplete examination he had been able to make, he thought that the actual revenue from this source would be in excess of $5,000,000. He stated briefly his reasons for this estimate and undertook to enquire into the matter more closely in an effort to arrive at as accurate a figure as possible.

. . .

CORPORATE INCOME TAX (INCLUDING WITHHOLDING TAX)

142. The figure of $7,500,000 shown in the Grey Book in this respect was, in Mr. Allen's opinion, reasonably correct. For the year 1945, Newfoundland collected $7,753,370 from this source and for 1946, $7,662,031. He had no reason to anticipate that collections in the immediate future would be less than $7,500,000 and considered that they may well be somewhat higher.

SUCCESSION DUTIES

143. Mr. Allen thought that the figure of $320,000 from succession duties was over-estimated. Under existing rates Newfoundland collected $300,000 from this source. Under Canadian rates, however, estates up to $50,000 are exempt from taxation with the result that the revenue under Confederation will be less than as at present. Mr. McEvoy asked whether, in the event that Newfoundland signed the Tax Rental Agreement, the Provincial Government would be permitted to impose an inheritance tax. An examination of the Agreement revealed that this would not be permissible.

POSITION AT TIME OF ENTRY INTO CONFEDERATION

144. The problems that would confront Newfoundland taxpayers at the time of entry into Confederation and the consequent change-over from the present method of payment to the "pay as you go" system was discussed at length. Mr. Allen stated that when the change-over came in Canada, the Federal Government forgave one-half of the taxes due for the year immediately preceding. The circumstances were somewhat different in Canada, however, than they would be in Newfoundland and he doubted if this procedure would be effective. Various suggestions were put forward by members to overcome the difficulties which will undoubtedly arise in this respect but, upon close examination, it was found that

none of them achieved the results which the delegation had in mind viz. (i) relief to the taxpayer from double taxation, and (ii) no loss of revenue to the Province. It was agreed that Mr. Allen should discuss this matter with Mr. Mitchell Sharp of the Canadian Government upon his arrival in Newfoundland shortly and submit his recommendations thereon to the delegation at a later date.

LIFE AND FIRE INSURANCE TAXES

145. The comments of Mr. Allen regarding the collection of these taxes by his Department were noted by members.

146. At the request of the Chairman, Mr. Allen undertook to put up a memorandum on the various matters discussed with him by the delegation and such other matters relative to Income Tax etc., as he may consider of interest.

. . .

691. NPA/GN 10 438(20)

Le président, la Commission des pêcheries de Terre-Neuve, au secrétaire, la délégation de Terre-Neuve aux négociations des Conditions de l'union

Chairman, Newfoundland Fisheries Board, to Secretary, Delegation of Newfoundland to the Negotiations of the Terms of Union

St. John's, September 1, 1948

Dear Sir,

I enclose herewith, for use of the Delegation, ten copies of "Notes Prepared by the Newfoundland Fisheries Board for Consideration in Discussions of Fishery Matters between Canada and Newfoundland (Memorandum No. 1)."

Yours very truly,

R. GUSHUE

[PIÈCE JOINTE/ENCLOSURE]

Extraits d'un mémorandum de la Commission des pêcheries de Terre-Neuve

Extracts from Memorandum by Newfoundland Fisheries Board

NOTES PREPARED BY THE NEWFOUNDLAND FISHERIES BOARD FOR CONSIDERATION IN DISCUSSIONS OF FISHERY MATTERS BETWEEN CANADA AND NEWFOUNDLAND (MEMORANDUM NO. 1)

The following notes are not put forward as constituting a complete list of the points to be discussed in relation to Newfoundland's fisheries. Other points will probably occur and can supplement this memorandum. The points raised will be set forth as briefly as possible and all will need elaboration or further explanation if they are to be discussed with the Canadian Government.

I. It is submitted that the matter of paramount interest to those engaged in our fisheries, fisherman and merchant alike, is that of continuance or otherwise of the powers of the Newfoundland Fisheries Board as such, particularly in reference to the administration of Acts or Regulations affecting the production, processing and marketing of our fish or fishery products. The powers of the Board

are based on the Newfoundland Fisheries Board Acts, 11 of 1936, and amendments. Sections 7, 8 and 9 of the Act are quoted herewith:

. . .

Refer also to the Exportation of Codfish (Permits) Act, 44 of 1938, which provides that all exports of codfish must be licenced by the Board.

II. The exercise of powers of the Board which has come most to public attention has been that related to marketing control and in particular, the development of the group system. The operation of several marketing groups, later merged in the Newfoundland Associated Fish Exporters Limited and of the Squid Exporters Association are examples of the manner in which this power has been exercised. It is not proposed here to go into detail with respect to NAFEL or the Squid Association. Copy of letter of August 2nd, 1948,† from NAFEL to His Excellency the Governor, which we understand has come to the attention of the Ottawa delegation, has been forwarded to the Fisheries Board. It should suffice to say that the impact on the economy of Newfoundland if operation of these marketing groups is discontinued will be extremely sharp. Freedom of selling Newfoundland fish on an individual basis, will render us incapable of meeting the organized selling of our competitors, and the organized buying of our customers in many countries. Controlled marketing has built up a confidence in our industry which is a noteworthy feature of the business, and which, it can be said, does not exist in the Canadian trade. The formation of a herring association similar to NAFEL has been under discussion for some time with herring packers and exporters and has been approved in principle by a large majority.

There are other ways in which the powers of the Board have been exercised such as by the establishment of minimum prices for export. While the Board has been rather cautious in its use of this particular power and has only done so from time to time only to avoid a crisis, its application within the past year, at the request of packers, to the marketing of dressed and filleted herring was extremely successful in avoiding a situation which could have brought disaster to many herring packers. There are other marketing activities within the scope of the Board's authority to which reference will be made later in this memorandum.

III. Another item of extreme importance to Newfoundland is the retention of its standards of quality and of its inspection service. An enormous amount of work has been done in this direction in the past twelve years with extremely favourable results. Even during the war years, export standards were strengthened and compulsory inspection for export is now in force for practically all salt codfish and for herring and other types of fish. Millions of dollars have been saved over this period which would otherwise have been paid out in claims. Exports to Italy may be taken as an example — it was almost a convention that claims would be paid on shipments to Italy and many people referred to that country as a "two shilling claim market." Not a dollar has been paid out in claims to Italy over the past twelve years and this position is true generally elsewhere. In the West Indies, where two decades ago Canada was much stronger than Newfoundland, the reverse is now the case. This has come about principally through the creation of a greater measure of confidence in the stability of the Newfoundland business, through planned marketing and the institution of carefully devised quality stan-

dards and implementation of this policy through the inspection service. The effects of inspection and of improved quality standards have been felt similarly in other fisheries such as herring, lobster, turbot and squid. At the moment, Canada has no comparable system of export inspection nor are her standards for export of salted and pickled fish as high as Newfoundland's. During the war years, quality claims were paid on Canadian fish going to the West Indies while in the same period, there were no claims against much larger quantities of Newfoundland fish. We were asked by several Food Controllers in the West Indies if we would permit our representatives to resolve claims against Canadian fish but naturally declined.

It will be appreciated that the retention and strengthening of our quality standards and inspection service are matters of the utmost importance.

IV. *Production.* The Board has sponsored and administered Regulations of various kinds affecting production, and several examples of these may be given:

. . .

V. *Trawlers.* Only within the past few years has Newfoundland really gone into the securing of fish by trawlers, particularly for fresh and frozen fish operations. It is true that years ago, there were attempts at trawling for the salt cod fishery but these for reasons which can be explained, did not prove successful. The use of trawlers is increasing rapidly and they are proving a most valuable adjunct to our frozen fish operations. In Canada, trawlers can only be used by licence of the Minister of Fisheries. It should be made clear that these licences will not be withheld as far as Newfoundland, as a Province of Canada, is concerned, and that conditions prevailing in other provinces will not affect Newfoundland.

VI. *Bait Act and Bait Policy.* The historical background of Newfoundland's policy with respect to provision of bait to foreign vessels and to export of bait is well known. It still constitutes a safeguard and the question as to whether this policy will be continued under Confederation is one of great importance.

VII. *Bait Depots.* The Newfoundland Government has a policy of maintenance of a number of Bait Depots situated in various parts of the Island as an insurance against shortage of bait, with its consequent effect on the cod fishery. As far as we know, no such policy is pursued in Canada. In taking over fisheries, would the Federal Government continue and enlarge upon these Bait Depots or will they become a Provincial responsibility and cost?

VIII. *Processing.*

(1) Culling Act and Regulations describing standards of cull of salt cod. In Newfoundland, standards of cull between fishermen and purchaser are quite thoroughly worked out. Cullers have to be sworn and are subject to examination before being given a licence. While this system is not perfect, it is by no means ineffective. Can it be continued?

(2) Standards are similarly laid down for processing and grading of other types of fish such as herring of various kinds, squid, turbot, etc. Can these be maintained and in what way?

(3) All premises in which salted or pickled fish can be packed for export must be licenced and must comply with certain requirements. This applies to other types of fish such as herring, turbot and squid. What will be the position under Confederation?

(4) Filleting and freezing plants can operate only under licence of the Fisheries Board. The requirements for plant and method used are quite strict and we believe our standards in this connection are superior to most other countries, including Canada. Can this be continued?

It will be appreciated that the discontinuance of, or inadequate provision for the effective carrying out of Regulations such as those mentioned above, could result only in demoralization of our industry.

(5) Canning. In Canada, canning is governed by a Federal Act, "The Meat and Canned Foods Act" administered by the Department of Agriculture. While the canning industry in Newfoundland in the past has not been one of which we can feel very proud, considerable changes have taken place within the past few years and the "kitchen cannery" is fast disappearing. Several years' work have been devoted towards preparation of a modern Canning Act. In this connection, the Board has consulted with some of the greatest experts in the United States and Canada, with the Fishery Research Laboratory, Industrial Development Board and representatives of exporters and producers. The Acts of other countries have been studied and particular attention paid to our own local circumstances. Drafting has been completed and approved by Justice Department. The draft is now being held because of the pending change of the constitutional situation. We believe that this Act is probably superior in many ways to the Canadian Act. Could we as a Province enact it?

IX. *Marketing.*

Apart from the question of Co-operative Marketing Groups to which brief reference has been made, there are a number of other considerations which will require attention in discussions with Ottawa. Among these are:

(1) The power of the Board to [fix] quota [on] the pack of certain kinds of fish for export. This has been used particularly in the case of Scotch Cure herring, the marketing situation for which is always delicate. Even a small overpack can bring the market crashing down and the avoidance of such a condition over the past ten years has resulted in greater confidence in the Newfoundland pack, and in steadily rising prices.

(2) The Newfoundland Fisheries Board maintains representatives in foreign markets. At present, there are five such representatives in various key places, and they have served Newfoundland well. We are convinced that the rank and file Canadian Trade Commissioner would not be a satisfactory substitute. How will this service be affected?

(3) The costs of group marketing, as against that of individual marketing, should always be borne in mind. In 1936, it would be conservative to say that the average cost of selling alone in foreign markets was 5%. During the past several years, the cost of this service, plus the cost of the Newfoundland marketing organization in salt codfish has averaged about 1 1/2%. There are additional

savings to exporters in overhead, an example of which is cable expenses. Our cable traffic with customer countries is today a very small proportion of what it was prior to marketing group operations.

(4) Power of Fisheries Board to negotiate contracts. During the past ten years, we have been able to make considerable use of this power and have negotiated contracts notably with relief agencies, such as Red Cross, UNRRA, U.S. Army, for quantities of fish running into many millions of dollars. This business would have been impossible if these organizations had to deal with individuals. It is probable that the opportunity to make such contracts will continue for some years and the preservation of this power is therefore of considerable importance.

(5) During the past ten years, the Board has also, at the request and in the interest of packers, negotiated sales of the Newfoundland Scotch Cure herring pack.

(6) Freight rates on Canadian shipping should be studied, particularly to the West Indies. It is quite possible that Newfoundland will benefit from the extension to this country of treatment regarding rates which we believe is accorded by Canada to some of the Maritime Provinces.

. . .

X. *European sales.*

The making of definite arrangements for continuance of sales to Europe of Newfoundland codfish is a matter of great urgency. Of an average catch of a million quintals, approximately half of this quantity must be sold in southern European markets such as Portugal, Spain, Italy and Greece. Such markets, under normal conditions, are regarded as "Sterling" markets, since all these countries trade extensively with the U.K. and Sterling has, up to 1947, been convertible to Canadian dollars. The 1947 position may be regarded as an abnormal one.

Even during periods when exchange difficulties were experienced between the U.K. and some European markets, and Trade and Payments Agreements had to be resorted to, Newfoundland fish was included. This was done in the case of both Spain and Italy and was possible because of the relationship existing and the responsibility which the U.K. felt towards Newfoundland.[. . .] Newfoundland's case in this matter cannot be too strongly put; if we are to lose our European sales, our production of salted codfish must be halved. This would bring about a condition of extreme poverty to thousands of our fishermen. The difficulty we are likely to experience in discussing this matter with Canada is that she will be asked to accord to Newfoundland fish, relief which she is not extending to the fish of other sections of the Dominion or to other commodities. One argument which can be used is the fact that the Newfoundland area has produced and should continue to produce a respectable surplus of U.S. dollars which are turned over to Canadian exchange control and help in some measure to make up the deficit of other parts of the Dominion. If imports into Newfoundland from U.S.A. decrease through wiping out of the existing customs tariffs between Canada and Newfoundland, our favourable dollar balances should be increased.

XI. If Government controlled marketing of its exports is accorded to Newfoundland and the necessary legislation to make it effective passed, it will be necessary to bear in mind that this power must be extended also to trade between Newfoundland and any other provinces of Canada. The reason for this is obvious. The strength of the marketing system is and must be the strength coming from an effective combination and from the accumulated judgement of the majority. It has been our experience and that of other countries that this cannot be achieved without effective State sanction to ensure that the will of the majority is implemented and carried out. Many attempts at co-operative marketing have been made in Newfoundland and elsewhere but it has been found that without such sanction, their strength is merely that of the weakest individual member. Any nervous or financially weak individual is in a position to break the arrangement at any time and this has been demonstrated over and over again. For example, if a co-operative marketing group without Government sanction made out a programme of marketing which would extend over a period of say nine months, during which time fish in the hands of all members would be exported in accordance with their holdings, it would be a simple matter to prevail upon a weak or nervous member to make an immediate sale of all his holdings at a lower price unless he were prevented from doing so, in the interests of the whole endeavour. Unless therefore, interprovincial trade were controlled it would weaken the whole marketing system.

XII. The Newfoundland fish trade contributes 5¢ per quintal or an average of $50,000 per year to the work of the Fisheries Board. This is collected by Customs on export and was agreed to by the trade with the express purpose of enabling the Board to pay higher than Civil Service salaries to certain key personnel at headquarters and to Fisheries Board Representatives abroad. The trade's willingness to make this contribution is an indication of the value it attaches to these services. There seems to be no reason why it should not be continued thus enabling Newfoundland among other things, to keep special representatives in the markets.

Certain of our Regulations provide for a collection of inspection fees payable to Customs on export. These go to General exchequer but are recognized as being the result of Fisheries Board activities.

XIII. A substantial number of the fish trade of Eastern Canada have shown keen interest in improving the marketing position by compulsory inspection and grading for export and through the operation in some manner of the group system. It should be said however, that there are in the minority, some very staunch and strong opponents of either policy, and that these have been instrumental so far in preventing anything being done. It might be highly desirable to have discussions with the Fisheries Council of Canada which represents trade interests there, and if possible to have their influence behind any attempts on the part of Newfoundland to retain her controlled marketing system. It is believed that the Council would support this as well as extension of the principle to the mainland.

XIV. A fishermen's insurance scheme providing for payments in respect of fatal accidents to fishermen has been fully worked out but for certain reasons was not brought into force last year and is now being held up because of the constitutional position. There are some savings from Government activities in the fish-

eries which have been earmarked for the benefit of the industry. It was intended that a substantial proportion of these be placed to the credit of the scheme to provide a backlog which will take care of any unusual disaster. What will be the position with regard to this scheme?

XV. The effect of the Canadian Customs Tariff on costs of production should be examined. Detailed comparison may be found in the Black Book.

XVI. Existing Canadian and Newfoundland trade agreements or Tariff arrangements with other countries should be examined.

XVII. Status of the Fisheries Board and its staff including that of its foreign representatives should be clarified.

692. NPA/GN 10

Extrait du procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extract from Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF ELEVENTH MEETING HELD ON THE 1ST OF SEPT., 1948, AT 10.00 A.M.

All members were present. The Chairman of the Newfoundland Fisheries Board was also in attendance.

. . .

FISHERIES

148. Mr. Gushue circulated, for the information of members, a memorandum prepared by the Newfoundland Fisheries Board for consideration in any discussion of fishery matters which might be held between the delegation and the Canadian Government. He pointed out that the memorandum was not intended to cover the various points mentioned therein in detail and that the Board would be pleased to submit any additional information thereon which the delegation might require. The memorandum was considered briefly by members[. . .].

. . .

693. 10300-E-40

Mémorandum du ministère des Affaires extérieures

Memorandum by Department of External Affairs

TOP SECRET Ottawa, September 1, 1948

NEWFOUNDLAND; ARRANGEMENTS FOR UNION, PROGRESS REPORT

At the meeting of the Cabinet on September 1st, a report was submitted proposing that a small group of three or four senior officials make a short visit to St. John's to secure information concerning major problems which would have to

be discussed in Ottawa with the Newfoundland delegation; they would not enter into any negotiations nor discuss or settle any detailed arrangements.[14a]

The Cabinet noted the report submitted with approval.

694. 10202-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 189 St. John's, September 1, 1948

Following is text of announcement read over radio news bulletins in Newfoundland tonight, Begins:

1. The Commission of Government announce that within the next few days the following officials of Departments of the Government of Canada will arrive in St. John's:

R. A. MacKay, Chief of the British Commonwealth Division of the Department of External Affairs;

M. W. Sharp, Chief of the Economic Policy Division of the Department of Finance;

Alex Skelton, Assistant Deputy Minister of Trade and Commerce.[15]

2. The purpose of the visit of these officials is to enable them to familiarize themselves with some of the major administrative problems involved in union.

3. It is the intention of the Commission that corresponding officials of the Government Departments of Newfoundland will seek from them clarification of the position respecting matters in Newfoundland which will come within the fields of administration of their Departments, and will discuss informally with them problems in these fields affecting Newfoundland which may arise as a result of union.

4. The Commission consider that these discussions will be of great assistance to Newfoundland officials who will be acting as advisers to the representatives of Newfoundland appointed to carry on with representatives of Canada the forthcoming negotiations respecting union. Ends.

695. NPA/GN 10

Procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

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[14a] Voir le document 1074.

[15] Stewart Bates faisait aussi partie de ce groupe.

[14a] See Document 1074.

[15] Stewart Bates was also a member of this group.

MINUTES OF TWELFTH MEETING HELD ON THE
2ND OF SEPTEMBER, 1948, AT 10.00 A.M.

All members were present. Mr. Marshall, Secretary for Finance, was also in attendance.

UNITED STATES DOLLARS

153. Mr. Gruchy enquired about the favourable balance of United States dollars. Mr. Marshall explained that a large block of United States dollars was necessary to meet the deficit arising out of the unfavourable trade balance with Canada. It was agreed that a large amount of United States dollars has been made available to Canada and will continue to be made available and Mr. Marshall was requested to submit a treatment thereof covering 1947, 1948, 1949 and 1950. A general discussion on financial matters followed.

EX-SERVICEMEN

154. Note was made for enquiry as to the eligibility of Newfoundland ex-servicemen of World War II for re-establishment credit.

The meeting adjourned at 12.15 p.m.

J. G. CHANNING Secretary
Confirmed. A. J. WALSH Chairman

696. NPA/GN 10

Extrait du procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extract from Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF THIRTEENTH MEETING HELD ON THE
2ND OF SEPTEMBER, 1948, AT 2.30 P.M.

All members were present. The Secretary for Customs, Mr. Howell, was also in attendance.

The Chairman explained to Mr. Howell that he had been requested to reappear before the delegation in order to enable members to obtain his views as to the accuracy or otherwise of various figures set forth on p. 16 of the Grey Book under the heading of "Federal Revenue."

LIQUOR AND TOBACCO TAXES

155. Mr. Howell stated that he would arrange to have these figures checked immediately and would submit his findings thereon to the delegation without delay.

CUSTOMS DUTIES AND IMPORT TAXES
GENERAL SALES TAX
MISCELLANEOUS EXCISE TAXES

156. Following the Chairman's explanation as to the exact nature of the information required by the delegation on these figures, Mr. Howell said that as far as he could see at the moment, it would take him a long time to prepare an accurate

estimate in this respect. As he had already pointed out on a previous occasion, even if it was known how and on what basis the figures shown in the Grey Book were originally calculated, he doubted whether there was any official in the Department of Customs, including himself, who was sufficiently familiar with the intricacies of the Canadian Tariff and Sales Tax to be able to check them intelligently. Again, it must be remembered that, before endeavouring to estimate with any degree of accuracy how much Customs duties etc., would be collected in Newfoundland by the Federal Government, it was first necessary to determine from what sources imports were likely to come under Confederation, or in other words, future trade trends. This problem was one with which the Department of Customs was entirely unequipped to deal and reliable information could be obtained only from importers themselves. Members of the delegation appreciated this fact but stated most emphatically that the matter was extremely important and that Mr. Howell should make every possible effort to assist them. It was suggested to Mr. Howell that he should proceed immediately to Ottawa, accompanied by the Secretary for Supply and any members of the trade whose collaboration may be helpful to him, and discuss the whole question with responsible officials of the Canadian Department of Trade and Commerce. Mr. Howell requested time to look into the problem more thoroughly so that he might determine just how he should proceed. The delegation agreed to this request and assured Mr. Howell that they were prepared to cooperate with him to the fullest possible extent to enable him to obtain the required information.

At this point, Mr. Howell withdrew.

. . .

697. NPA/GN 10 438(20)

Le président, la Commission des pêcheries de Terre-Neuve, au secrétaire, la délégation de Terre-Neuve aux négociations des Conditions de l'union

Chairman, Newfoundland Fisheries Board, to Secretary, Delegation of Newfoundland to the Negotiations of the Terms of Union

St. John's, September 2, 1948

Dear Sir,

Enclosed herewith are eight copies of notes prepared by me, at the request of the Newfoundland Delegation, on the subject of the Bait Act and Bait Policy.†

Yours very truly,

R. GUSHUE

698. NPA/GN 10

Extraits du procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extracts from Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF FOURTEENTH MEETING HELD ON THE
3RD OF SEPTEMBER, 1948, AT 10 A.M.

All members were present. Mr. R. Manning, Secretary for Public Utilities, was also in attendance.

. . .

QUESTIONS TO SECRETARY FOR FINANCE
AND SECRETARY FOR CUSTOMS

159. Following a request therefor from the Commissioner for Finance, the Secretary was directed to write the Secretary for Finance and the Secretary for Customs setting forth the questions which the delegation had submitted to them verbally at previous meetings.

. . .

DEPARTMENT OF PUBLIC UTILITIES

161. The Chairman explained to Mr. Manning that the delegation wished to discuss with him the present set-up in his Department and the probable set-up as a result of Newfoundland's entry into Confederation, particularly with a view to ascertaining what points, if any, he wished the delegation to keep in mind during the forthcoming negotiations in Ottawa. In order to facilitate discussions, the 1948-1949 Estimates in respect of the Department of Public Utilities were examined and the following decisions reached:

. . .

162. Mr. Manning enquired regarding the future of the loans made by the Newfoundland Government to Gander Airport and was informed that a letter concerning this matter was on the way to him from the Secretary.

163. Mr. Crosbie asked whether any assistance might be obtained from the Government of Canada in respect of road maintenance and construction etc., over and above such assistance as it may now be giving to other Provinces. The opinion of the delegation was that there was very little chance of this unless a good argument in favour thereof e.g., their necessity for military and defence purposes, could be submitted.

164. It was agreed that the question of the control of H.M. Penitentiary after Confederation was one for negotiation by the delegation in Ottawa.

165. As a result of the discussions noted above, Mr. Manning was requested to prepare for information of the delegation a brief on his Department showing the present *status quo* and how it would operate after Confederation. He was also asked to include therein (a) a note on the road programme which will be necessary during the next few years (b) the amounts which, in his opinion, should be recovered from the Canadian Government in respect of Gander Airport (c) his recommendations regarding public buildings and (d) any other matters concerning his Department which may be of interest to the delegation.

At this point Mr. Manning withdrew.

SHIPPING ACT

166. Mr. Crosbie stated that, in a recent conversation with Lloyd's Surveyor of Canada, he had been strongly advised to examine the Canadian Shipping Act

carefully, particularly as to how it will apply to Newfoundland and its probable effect on the Seal fishery. This advice was noted for future consideration.

. . .

699. NPA/GN 10

Extraits du procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extracts from Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF FIFTEENTH MEETING HELD ON THE 3RD OF SEPTEMBER, 1948, AT 2.30 P.M.

All members were present. Mr. K. J. Carter, Secretary for Natural Resources was also in attendance.

DEPARTMENT OF NATURAL RESOURCES

167. In discussing matters relative to the Department of Natural Resources the same procedure was followed as in the case of the Department of Public Utilities (see Minute 161). The following decisions were reached as a result of an examination of the 1948-1949 Estimates of that Department.

. . .

Following the examination of the Estimates, as outlined above, Mr. Carter was requested to prepare a brief showing the probable set-up in his Department after Confederation comes into effect as compared with the present position. He was also asked to include therein any recommendations or suggestions relative to the Department which he may wish to submit to the delegation.

. . .

700. NPA/GN 10

Extraits du procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extracts from Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF SIXTEENTH MEETING HELD ON THE 4TH SEPTEMBER, 1948, AT 10.00 A.M.

All members were present. The Secretary for Posts and Telegraphs was also in attendance.

POSTS AND TELEGRAPHS

168. Mr. Roddis submitted to the Chairman three copies of a comprehensive memorandum† describing the work of his Department and the probable effects thereon of the entry of Newfoundland into Confederation and drawing attention to various problems which, in his opinion, the delegation would be well advised to consider in connection with its forthcoming negotiations in Ottawa.

. . .

170. At the request of the Chairman, Mr. Roddis undertook to prepare, as accurately as possible, a statement showing the position as at the 31st of March 1949 with regard to the value of stores held by his Department, its assets and liabilities generally and the amount which will have been expended on reconstruction work during the current financial year. He was also asked to include therein details of any assets or expenditures for which, in his opinion, reimbursement should be requested from the Canadian Government.

. . .

701. NPA/GN 10

Procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF SEVENTEENTH MEETING HELD ON THE 4TH OF SEPT., 1948, AT 2.30 P.M.

All members were present. The Secretary for Education was also in attendance.

DEPARTMENT OF EDUCATION

173. At the request of the Chairman, Mr. Frecker described at length the manner in which the Department of Education was administered at present, the problems which confronted it from day to day in the training and retention of qualified teachers, the provision of adequate school facilities throughout Newfoundland and matters of a similar nature and plans which the Department had under consideration for the future.

174. During the interview the 1948-1949 Estimates of the Department were considered in detail and information on the various items contained therein supplied by Mr. Frecker as required by the members.

175. It was agreed by members that the vote for Education during the next few years would be at least $4,000,000. This amount would be sufficient only to maintain present standards and would have to be increased considerably if further progress was to be made.

The meeting adjourned at 4.30 p.m.

J. G. CHANNING Secretary

Confirmed. A. J. WALSH Chairman

702. NPA/GN 10

Extraits du procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extracts from Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF EIGHTEENTH MEETING HELD ON
THE 7TH OF SEPT., 1948, AT 10.00 A.M.

All members were present. The Secretary for Public Health and Welfare and the Director of Medical Services were also in attendance.

. . .

PUBLIC HEALTH AND WELFARE

177. The Chairman informed Mr. Crummey and Dr. Miller that the delegation wished to discuss with them the work of the Department of Public Health and Welfare, particularly with regard to its operation under Provincial Government after the entry of Newfoundland into Confederation. At his suggestion, the 1948-49 Estimates of the Department were considered in detail with following results:

. . .

(xi) Sub-head A32 Cottage Hospitals. In considering the question of Cottage Hospitals, reference was made to the special Health Grant of the Federal Government. Mr. Smallwood asked if, in the opinion of the delegation, a good case could be presented to the Canadian Government to justify a request that Newfoundland should not come under this particular scheme but should come under a special scheme or under the present scheme with additional benefits. He stated that he had reason to believe that the Federal Government would be responsive to such a request provided that sound arguments in support thereof could be advanced which did not, or apparently did not, apply in the case of other Provinces. It was agreed that this matter was well worth considering and, in order to enable the delegation to explore its possibilities further, Dr. Miller was asked to prepare a comparative statement in respect of the Maritime Provinces and Newfoundland showing the death rate from various causes, the total expenditure over a period of years on public health (provincial, municipal and private), the number of doctors, nurses, etc., available hospital facilities and any other information of a similar nature to show that the public health services in Newfoundland are on a lower level than those of the Maritimes. Dr. Miller was quite confident that a strong case for increased financial assistance could be made and stated that, in his opinion, an expenditure of at least $10,000,000 would be required to bring Newfoundland up to the present level of the Maritimes in the matter of public health services. He anticipated some difficulty in obtaining certain information relative to the Maritimes and it was agreed that, if necessary, he should proceed to Canada for this purpose.

. . .

703. NPA/GN 10

Extraits du procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extracts from Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF NINETEENTH MEETING HELD ON
THE 7TH OF SEPT., 1948, AT 2.30 P.M.

All members were present.

POINTS TO BE DISCUSSED IN OTTAWA

178. It was agreed, at the suggestion of the Chairman, to reconsider the Grey Book and to prepare therefrom a draft list of the points which the delegation wished to discuss in Ottawa, including both amendments and/or additions to the Terms and matters regarding which information only was required. As a result thereof, the following decisions were made:

CLAUSE 1

179. No alteration.

CLAUSE 2

180. To be reworded.

CLAUSE 3

181. No alteration.

CLAUSE 4

. . .

184. It was recommended by Mr. Crosbie that the delegation should obtain copies of the various acts mentioned in this clause. He thought that a study of these Acts would clear up a number of points which presently puzzled some of the members.

185. During discussion on the whole of Clause 4, consideration was also given to the procedure to be followed in respect of the admittance of Newfoundland into Confederation.

186. It was agreed that Mr. Gruchy, and other interested members, should avail [themselves] of the opportunity in Ottawa to obtain complete information regarding Federal housing schemes to determine whether any of them could be put into effect in Grand Falls and other areas in Newfoundland.

CLAUSE 5

187. The delegation had no alteration to suggest with regard to (2), (7) and (13) of this Clause.

188. Action was deferred on (1), (3) to (5) and (8) pending the submission of briefs thereon already requested by the delegation.

189. With reference to (6), the Chairman asked whether, in view of the fact that they did so in some Provinces, the Federal Government would agree to maintain a permanent regiment in Newfoundland.

190. With regard to (9), it was agreed that this should be amended so as to provide that the Federal Government will take all necessary steps to bring these services up to the level of those of Canada within a prescribed period.

191. It was agreed that (11) could properly be construed as providing for the taking over of the Merchant Navy Hospital by Canada.

192. Referring to (12) Mr. Smallwood again raised the matter of the inadvisability of C.B.C. using N.B.C. for "Canadianization" purposes and it was agreed that this should be taken up in Ottawa. The Secretary was instructed to obtain from the Manager of N.B.C. a memorandum regarding the organization, etc., of C.B.C. and the manner in which it operates throughout Canada, particularly

within the Provinces. It was also suggested that Mr. Galgay should be asked to supply any information at his disposal relative to the policy of C.B.C. with regard to Provincial Government and religious broadcasting.

CLAUSE 6

193. No alteration.

TERMS OF UNION APPLICABLE TO OTHER PROVINCES

194. The Chairman thought that it would be extremely useful to the delegation to know the nature of the Terms offered to other Provinces upon their entry into Confederation and said that he would endeavour to obtain these Terms for the information of members.

BOARD OF TRADE AND ASSOCIATED
NEWFOUNDLAND INDUSTRIES

195. The Secretary was instructed to contact these organizations and ascertain the progress being made by them on the briefs requested by the delegation.

. . .

704. NPA/GN 10

Extrait du procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extract from Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF TWENTIETH MEETING HELD ON
THE 8TH OF SEPT., 1948, AT 10.00 A.M.

All members were present.

. . .

DEBT ALLOWANCES

200. Considerable attention was given to the matter of debt allowances, particularly as to whether a case could be submitted to the Canadian Government in support of the payment of such an allowance to Newfoundland.[16]

. . .

705. NPA/GN 10

Extraits du procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extracts from Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

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[16] On examina aussi les conditions de l'union avec le Manitoba, la Colombie Britannique et l'Île du Prince Édouard lors de cette réunion.

[16] The terms of union with Manitoba, British Columbia and Prince Edward Island were also examined at this meeting.

MINUTES OF TWENTY-FIRST MEETING HELD
ON THE 8TH SEPT., 1948, AT 2.30 P.M.

All members were present.

DEBT ALLOWANCES

201. The discussion on debt allowances, which was adjourned at the twentieth meeting, was resumed and the whole question fully examined and considered. As the discussion was of an informal nature, no record thereof was made.

EXPERT ADVICE

202. Mr. McEvoy stated, as his opinion, that the delegation was severely handicapped in its endeavours to determine the extent to which additional financial assistance or other benefits should be requested from Canada, if at all, by reason of the fact that it had no means of knowing or ascertaining at present how the terms offered to Newfoundland compared with those given other Provinces. He felt that this was a prerequisite to negotiations in Ottawa and again recommended the retention of an expert of the calibre of J. C. Thompson, to whom he had already referred, to assist the delegation in this respect. It was agreed that members should consider this recommendation overnight and present their views thereon at the next meeting.

. . .

VISIT OF GOVERNMENT OFFICIALS TO OTTAWA

204. Following the reading by the Chairman of a memorandum† recently received by him from the Commissioner for Finance, it was agreed that Messrs. Roddis, Allen and Howell should proceed immediately to Ottawa if they considered that it was necessary to do so in order to enable them to prepare the briefs requested by the delegation.

. . .

706. NPA/GN 10 438 (23)

Le secrétaire, la délégation de Terre-Neuve aux négociations des Conditions de l'union, au contrôleur des contributions, le ministère des Finances de Terre-Neuve

Secretary, Delegation of Newfoundland to the Negotiations of the Terms of Union, to Assessor of Taxes, Department of Finance of Newfoundland

St. John's, September 8, 1948

Dear Sir,

In the proposed arrangements for the entry of Newfoundland into Confederation dated the 29th of October, 1947, the following estimates are given as representing "the additional Federal Revenues that would arise as a result of the inclusion of Newfoundland within Canada in a full year, at the rates of tax exacted in the 1947 Federal budget" on the assumption of a continuation of present levels of economic activity in Newfoundland.

(i) Personal income tax. $3,200,000
(ii) Corporate Income tax (including withholding tax.) 7,500,000
(iii) Succession duties. 320,000

2. The Newfoundland Delegation would be obliged if you would kindly check these estimates on its behalf to determine whether or not they are correct. If, upon examination, you find that they are incorrect in any respect, it is requested that you submit a statement of the correct estimates together with an explanation as to the basis upon which they have been calculated.

3. The Delegation is also much concerned over the many problems which will undoubtedly confront the people of Newfoundland at the time of entry into Confederation as a result of the change-over from the present method of payment of Income Tax to the "pay as you go plan." The Delegation would like you to consider this matter and submit your recommendations as to how, in your opinion, this change-over may best be effected so as to avoid, if at all possible, (i) double taxation and (ii) any loss of revenue to the Province of Newfoundland.

4. You will remember that, at your recent interview with the Delegation, you referred briefly to the matter of Life and Fire Insurance Companies' taxes. It would be appreciated if you would be so kind as to submit a memorandum on this matter for the information of the Delegation together with such other matters relative to Income Tax, etc., as you may consider of interest in connection with the forthcoming negotiations in Ottawa.

Yours very truly,

J. G. CHANNING

707. NPA/GN 10

Extraits du procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extracts from Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF TWENTY-SECOND MEETING HELD ON THE 9TH OF SEPT., 1948, AT 10.00 A.M.

All members were present.

EXPERT ADVICE

206. It was moved by Mr. McEvoy, seconded by Mr. Bradley and carried unanimously that the delegation should obtain expert advice in order to assist it in determining whether the Terms of Confederation offered to Newfoundland by the Government of Canada are in line with those which were offered to existing Provinces prior to their entry into the Union and that for this purpose the services of Mr. J. C. Thompson, F.C.A., 360 St. James Street W. Montreal, should be retained without delay or, in the event that he is not available, such other persons as, in the opinion of the Commission of Government, may be suitable in this respect.

207. It was recommended by the Chairman, and agreed unanimously, that Dean MacDonald, Dalhousie University, should also be retained by the delegation in the capacity of Constitutional Adviser.

208. The Chairman undertook to discuss both these recommendations with the Commission of Government immediately.

. . .

HUNT, EMERSON, STIRLING AND HIGGINS

210. Consideration was given to a letter† from the above mentioned firm written on behalf of the Imperial Tobacco Co. (Nfld.) Ltd. and dealing with (i) Trade marks and (ii) Canadian excise taxes on cigarettes. The Secretary was directed to reply thereto saying that these matters were presently receiving consideration. It was agreed that the question of Trade Marks, Copyrights and Letters Patent should be submitted to Dean MacDonald for advice in the event that his services as Constitutional Adviser are obtained. Mr. Winter also suggested that arrangements should be made immediately whereby the Newfoundland Department of Home Affairs and its opposite number in Canada may keep one another informed as to applications received for Trade Marks, etc., between now and the date of entry into Confederation, thus eliminating any possibility of duplication or unfair practices. The Chairman will discuss this matter with the Commission of Government at an early date.

SHIPPING

211. The Secretary circulated a memorandum† received from the Secretary for Customs comparing existing Newfoundland and Canadian Shipping legislation. This memorandum was considered briefly by the delegation and noted for future reference.

. . .

708. NPA/GN 10

Extraits du procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extracts from Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF TWENTY-THIRD MEETING HELD ON 9TH SEPT., 1948, AT 2.30 P.M.

All members were present.

. . .

GANDER AIRPORT

213. A brief† on Gander Airport prepared by the Director of Civil Aviation at the request of the delegation was discussed at length and it was agreed that the following points therein should be taken up with the Canadian Government during negotiations at Ottawa.

(i) Reimbursement by the Federal Government of the amount of $3,718,000 as set forth in appendix B of the brief.

(Note: In this respect it was suggested that the claim for this reimbursement should be combined with similar claims in respect of other Departments and that the whole should be classed as representing the value of necessary capital improvements made by Newfoundland since the 29th of October 1947 on services to be taken over by the Government of Canada, which would otherwise have been the responsibility of Canada).

(ii) Maintenance of existing roads and construction of new roads within the airport area by the Federal Government.

(iii) The acquisition of land within the Airport area for the erection of Provincial schools and for the construction of Churches, etc.

(iv) The operation of Gander Hospital by the Provincial Government on the understanding that, subject to the payment of a fixed sum annually, an agreed number of beds therein will be placed at the disposal of the Federal Government in case of emergencies, etc.

(v) Fifth Freedom Traffic.

(vi) The opening up of Harmon Field Airport to regional traffic.

NEWFOUNDLAND RAILWAY

214. Consideration was given to a brief* on the Newfoundland Railway prepared by the General Manager at the request of the delegation. It was the considered opinion that this brief was entirely too general in many respects and it was therefore decided to call in Mr. Russell immediately for further consideration. Upon the arrival of Mr. Russell, following a phone call from the Chairman, the brief was discussed in detail as follows:

PARA. 1. ADMINISTRATION

215. Mr. Russell was requested to submit a detailed memorandum setting forth every argument and reason he can produce in support of his assertion that the Management of the Railway should be kept at a high level authority with a Regional Manager reporting to Head Office, Montreal. Members informed him that they personally were prepared to accept this statement but that, in order to enable them to negotiate successfully in Ottawa, it was essential that they should be in full possession of all relevant facts so that they can justify and substantiate their demands.

PARA. 2. FREIGHT RATES

216. The possibility of inducing the Canadian Government to agree to the application of Canadian rail freight rates to Newfoundland coastal steamship operations was again considered. It was explained to Mr. Russell that the delegation was desirous of obtaining, if possible, freight rates for the Steamship Service which would enable people in areas served only by coastal steamers to obtain supplies as cheaply as those in areas along the railway. Mr. Russell undertook to consider this matter carefully and to submit his recommendations as to the demands which the delegation might reasonably make in this respect.

PARA. 2(A). MOVEMENT OF FREIGHT THROUGH NORTH SYDNEY

217. Mr. Russell was requested to elaborate upon the possibility of North Sydney becoming a bottleneck as a result of increased freight movements due to

lower freight rates and to suggest ways and means whereby this difficulty may be overcome.

PARA. 2(B). DIVERSION OF FREIGHT TO LOUISBOURG

218. Mr. Russell also undertook to make definite recommendations with regard to the high cost of freight diversion over the Sydney-Louisbourg Railway during the winter months.

PARA. 3. EXPRESS RATES

219. The possibility of having existing Canadian express mileage block rates extended to the coastal steamers was considered and it was agreed that Mr. Russell should submit a case in support thereof.

PARA. 5. CAPITAL EXPENDITURE

220. Mr. Russell was requested to submit a separate statement showing capital expenditures made by the Railway during the period 29/10/47 to 31/3/49.

RAILWAY RENEWALS FUND

221. The Chairman asked Mr. Russell to discuss the disposition of the Railway Renewals Fund with his Commissioner and to report thereon to the delegation at a later date.

CLARENVILLE SHIPS

222. There was considerable discussion as to whether these ships would remain the property of Newfoundland after Confederation or would be taken over by the Canadian Government under Clause 8 (6) of the Grey Book. Members were unanimously of the opinion that ownership should remain vested in Newfoundland and that the ships should either be sold to Canada for use in the coastal trade or else operated by Canada on an agency basis in the same way as they are presently operated by the Newfoundland Railway. Mr. Russell was requested to consider this matter and submit recommendations thereon for the information of the delegation. Mr. Smallwood also asked him to supply a balance sheet covering the operation of these ships since they were taken over by the Railway.

At this point Mr. Russell withdrew.

PASSPORTS

223. It was agreed that the Secretary for Home Affairs should be requested to ascertain the position in the Provinces of Canada respecting the issue of Passports.

. . .

709. NPA/GN 10 438 (2)

Extraits d'une lettre du secrétaire aux Finances, le ministère des Finances de Terre-Neuve, au secrétaire, la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extracts from Letter from Secretary for Finance, Department of Finance of Newfoundland, to Secretary, Delegation of Newfoundland to the Negotiations of the Terms of Union

St. John's, September 9, 1948

Your letter of 8 September.†

. . .

3. I attach, for the consideration of the Delegation, notes by Finance Department on financial questions arising from Confederation, together with sketch provincial budgets† for the first two years of union and explanatory notes thereon. The notes are confined to general budgetary questions or matters for which Finance Department is responsible but Note 3 deals with general financial points affecting most departments. It is assumed that financial points affecting particular services (e.g. Fisheries Board, Railway, Gander) will be submitted by the responsible departments.

W. M. MARSHALL

[PIÈCE JOINTE/ENCLOSURE]

Mémorandum du ministère des Finances de Terre-Neuve

Memorandum by Department of Finance of Newfoundland

1. *Newfoundland Government Surplus.*

The arrangements proposed by the Canadian Government provide (paragraph 9) that the whole of the accumulated surplus (now amounting to approximately $28 million) will be made available, under prescribed conditions, to the Province for maintenance or improvement of Government services or for developmental purposes. As such expenditure must be met in dollars, the arrangements can be made fully effective only in so far as the surplus is held in dollars. But $3.2 million is held in sterling against redemption of sterling debt for which the Province will be responsible, $7.2 million is represented by interest-free loans to the United Kingdom, while nearly $6 million, arising from fish sales, is in blocked sterling deposits held against redemption of the 3% Guaranteed Sterling Stock. By the end of 1948-49 the last item may increase to nearly $12 million and the dollar portion of the surplus may be little more than $5 million.

It will be observed from the figures submitted in Note 3 that the Provincial Budget will be in deficit from the outset and the Delegation will doubtless wish to press Canada to arrange for the whole of the surplus to be made available in dollars. In this connection the following points may be borne in mind:

(a) *Interest-free loan.* Including $1.8 million derived from war-time borrowing, the outstanding balance of the interest-free loan to the United Kingdom is now $9 million. This is repayable in Canadian dollars on demand, and this fact was confirmed by the Secretary of State when he met the delegation from the National Convention in April, 1947.

(b) *3% Guaranteed Sterling Stock.* Under the "proposed arrangements" Canada undertakes to assume responsibility for the servicing and retirement of the 3% Guaranteed Stock. By the end of the current financial year the total of the interest-free loan plus the blocked sterling deposits held for redemption of the Stock may be $21 million, which is equivalent to approximately one-third of the net outstanding amount of Stock after allowing for the sinking fund. The Stock is

redeemable, in whole or in part, by drawings or otherwise, at par, at any time up to 1963 on three months' notice.

In these circumstances Canada may be asked whether they would consider, as a means of relieving the Province's financial position, taking over the blocked sterling deposits to be used for redemption of the sterling stock, and making available the dollar equivalent to the Province. A similar arrangement might be a convenient means of disposing of the interest-free loan. If Canada favoured such an arrangement, it would presumably be for them to take the matter up with the United Kingdom.

2. *Public Debt.*

Paragraph 7 and Annex II of the "proposed arrangements" explain the basis on which Canada proposes that the existing public debt should be apportioned between Canada and the Province. It will be seen that, of the gross total of $82.3 million, $10.4 million (12.6%) would be left to the Province, $71.9 million (87.4%) being assumed by Canada. The latter figure is the amount of the 3% Guaranteed Sterling Stock and the allocation is clearly to some extent arbitrary. It is explained that the amount of the Guaranteed Stock represents, in the opinion of the Canadian Government, a fair estimate of the amount of debt incurred for purposes which would presumably have been the responsibility of the Government of Canada had Newfoundland been a Province of Canada when the debt was incurred. The Delegation may wish to examine the basis for this claim.

The necessary data are to be found in Appendix F (pages 246-253) of the Newfoundland Royal Commission, 1933, Report. This shows that the gross debt in 1933 was $98.4 million. The purposes for which it was raised are shown, and if these are analysed according to the proposed allocation of functions, it will be found that $68.2 million was raised for Federal purposes and $30.2 million for Provincial purposes. ($24.4 million incurred for deficits has been divided equally between Federal and Provincial, on the assumption that approximately fifty per cent would be represented by Railway deficits). On these figures Canada would be entitled to argue that she need assume only 69.3% of the total debt, but, as shown above, she is assuming 87.4%.

It will be noted from Annex II that among the items of debt to be retained by Newfoundland are two 3 1/2% Sterling Trustee Loans amounting to £872,528. In suggesting this allocation, Canada may have been influenced by the knowledge that full provision for redemption had already been made by Newfoundland. The original copies of the "proposed arrangements" indicated that the amount of $3,232,000 set aside for this purpose was not included in the $28 million surplus which Canada assumed to be available to the Province. In fact, the $3,232,000 is included in the surplus, and the total surplus available to the Province for development, etc., is correspondingly less than was assumed by Canada. This position may be useful in bargaining in connection with the availability of the surplus (Note 1) or for improved terms generally.

3. *Provincial Budget.*

An attempt has been made to estimate the Provincial Budget for the first two years of union. Taking account of possible windfalls and allowing, on the other

hand, for outstanding liabilities on Reconstruction services, etc., the first year shows a deficit of $5.7 million. In the second year there will be no windfalls, but the outstanding liabilities will also be heavily reduced and the net result is an estimated deficit of $5.4 million. In the third year, the outstanding liabilities should practically disappear, but a deficit of approximately $3 million would still remain. These figures are based to some extent on assumption and guesswork and must therefore be treated with caution, but every effort has been made to provide on a realistic basis for all known eventualities. It should, however, be realized that no provision is made for new or improved services, or works, nor for possible increases in costs.

It is clear from the "proposed arrangements" and from the existing set-up in Canada that the deficits may be covered in three ways:

(1) by the imposition of new Provincial taxation (Provincial sales taxes, gasolene tax, etc.);

(2) by the development of Municipalities which are financially able to relieve the Provincial Government of a share of the cost of hospitals, roads, police, etc.;

(3) by drawings on the accumulated surplus — but this is limited to one-third of the total surplus, i.e. approximately $9 million in all over eight years (Paragraph 9 of "proposed arrangements").

Course (1) will take a little time and the Provincial Government will need advice and instruction. The possible yield is obviously limited.

Course (2) is obviously a long process with little prospect of early relief.

As regards Course (3) on the figures shown, the allotted share of the surplus would be exhausted in the first three years allowing for some yield under (1).

If the Delegation are satisfied that the Provincial Budgets have been correctly estimated, they will presumably wish to negotiate for an increase in the transitional grant.

4. *Financial effects of political uncertainty.*

Owing to political uncertainty Newfoundland's Customs revenues have shown a declining tendency since January, 1948, and this has become much more marked since April. Thus the Customs returns for the first five months of 1948 are down by $1.4 million as compared with 1947, and this compares with a total decline of $1.2 million for the whole year estimated in the 1948 Budget. If this tendency continues, there is a risk of a considerable deficit in 1948-49 with corresponding reduction of the dollar surplus available to the Province.

The Delegation may wish to argue that any decline in the surplus due to these political circumstances, which are beyond the control of any of the parties involved, is a misfortune which should not fall entirely on the funds of the Province. Canada may therefore be asked to compensate the Province by a special increase in the transitional grant for the first year.

5. *Arrangements for transfer of Services.*

The proposals (paragraph 5 of "proposed arrangements") envisage the possibility of spreading the transfer over a period. Some delay in transfer would do no harm to the Province in the case of more or less self-supporting services like the

Hotel, Posts and Telegraphs, and Broadcasting. Others, such as the Railway, Civil Aviation and War Pensions, would involve a considerable financial drain. The Provincial Budget will obviously be under strain and Canada should be asked for an assurance that in the event of delay in transfer owing to purely administrative difficulties and to the number of problems to be handled, the Dominion would be prepared to accept some financial responsibility for transferred services before the actual date of transfer. This would involve an agreement by Canada not to insist on too literal an interpretation of the phrase "after it is taken over" in the first sentence of paragraph 5.

The financial basis of transfer would need consideration. Presumably Canada would take over from the date of transfer all assets, outstanding claims (except title to repayment of loans and advances under paragraph 10) and outstanding liabilities, provided there were no evidence of deliberate deferment.

Pending a settlement of this question, Newfoundland departments are in a difficulty about incurring commitments on services liable to be transferred, and it would be helpful if an early understanding could be reached and communicated to Finance Department.

6. *Trade*

Under Confederation Canada will gain

(a) by increased outlets for her products arising from the removal of customs duty on Newfoundland's imports of Canadian goods; and

(b) by an increased contribution of U.S. dollars from Newfoundland to the Canadian Foreign Exchange Control Board arising from the reduction in imports from the United States of America which may be expected to follow from (a). These matters are only indirectly the concern of Finance Department, but they are worthy of mention as good bargaining points.

7. *Date of Union.*

The date of union will presumably be decided on political and other factors, including the exigencies of the United Kingdom and Canadian parliamentary timetables. Subject to allowing adequate time for final negotiation of the terms, there can be little doubt that the country's interests require that every effort should be made to shorten the present period of uncertainty. In considering this question the Delegation may like to bear in mind the following financial factors.

From the standpoint of Government finance, the most convenient date would be 1st January, because Supply has already been voted up to 31st March, 1949, and the three months' interval would afford the Provincial Government time to prepare estimates for the full year. But that is impossible, and the choice evidently lies between 1st April and some later date. This would entail some special machinery for the provision of funds to cover the period before the elected Provincial Government can vote Supply. This may be done either by

(a) the outgoing Government voting a lump sum to cover a limited period; or

(b) the issue by the Governor of Special Warrants under the Consolidated Revenue and Audit Act; or

(c) a combination of (a) and (b). Any of these alternatives would be practicable, but would involve some loosening in the control normally exercised over

departmental expenditure through the detailed estimates. It follows that every effort should be made to effect Confederation by 1st April, or if that should be impossible, at the earliest practicable date thereafter.

It remains to consider how far the timing of union may affect the finances of the Province. On the assumption that Customs will be transferred at the date of union, the main factor is the Assessor's revenue, most of which is collected in the first three months of the financial year (April to June). The Province has six months after union in which to exercise its option to enter a Tax Agreement for rental of the Assessor's taxes to Canada.

It is understood that whether or not Newfoundland exercises the option Federal income etc., taxes will be applied to Newfoundland with effect from the date of union. In these circumstances it would apparently be to Newfoundland's advantage to opt for the Tax Agreement. As Canadian taxes (on corporations and individuals) are assessed on the income of the current year and Newfoundland taxes are assessed on the income of the previous year, some special arrangement will be necessary to avoid Newfoundland taxpayers being subjected to double taxation in the year of union. Subject to such arrangement it would appear that April 1st would be a convenient date for union from the tax standpoint, but it is possible that the administrative difficulties involved in the change may require that Canada should defer entry into the income tax field for some time after union.

710. 10300-40

Mémorandum du ministère des Affaires extérieures

Memorandum by Department of External Affairs

SECRET Ottawa, September 10, 1948

NEWFOUNDLAND; DISCUSSIONS WITH DELEGATION; ARRANGEMENTS

At the meeting of the Cabinet on September 10th, it was agreed that the Governor of Newfoundland be informed that the government would be prepared to receive the Newfoundland delegation at any time from October 4th on.

It was also agreed that the Cabinet Committee on Newfoundland be reconstituted as follows:

Mr. St. Laurent (Chairman)
Mr. Howe,
Mr. Claxton,
Mr. Abbott,
Dr. McCann,
Mr. Pearson[17]

[17] L. B. Pearson fut nommé secrétaire d'État aux Affaires extérieures le 10 septembre. Il fut élu député fédéral le 25 octobre lors d'une élection complémentaire. L. S. St. Laurent fut nommé ministre de la Justice.

[17] L. B. Pearson was appointed Secretary of State for External Affairs on September 10. He was elected a member of Parliament in a by-election on October 25. L. S. St. Laurent was appointed Minister of Justice.

this Committee to be responsible for the discussions with the Newfoundland delegation.[18]

711. 10300-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 198 St. John's, September 10, 1948

IMPORTANT. CONFIDENTIAL. Following for MacKay from Bridle, Begins: With reference to proposed visit of Newfoundland officials to Ottawa which I understand you discussed with James[19] here, James called me today to say that both Delegation and Commission of Government are agreeable. James tells me that it has been proposed that Howell, Roddis, Allen should come up. I expect to be able to let you know shortly when latter two would like to come. Howell just advised me that he could arrive in Ottawa on September 20th and would like to know if this would be convenient for David Sim. If so, would you please advise me and have hotel reservation. Ends.

712. NPA/GN 10

Extraits du procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extracts from Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF TWENTY-FOURTH MEETING HELD ON THE 10TH OF SEPT., 1948, AT 10 A.M.

All members were present.

. . .

PROCEDURE FOR ENTRY INTO CONFEDERATION

227. Mr. McEvoy again raised the question of the procedure to be followed in admitting Newfoundland into Union with Canada and outlined various methods whereby this could be effected together with the advantages and disadvantages of each. Mr. McEvoy attached considerable importance to the matter but consideration thereof was deferred until a later date.

POSTS AND TELEGRAPHS

A brief† on the work of the Department of Posts and Telegraphs submitted by Mr. Roddis was read by Mr. Bradley and commented upon in various respects by members as follows:

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[18] R. W. Mayhew, le ministre des Pêcheries, est devenu membre du Comité par la suite.

[19] J. G. Channing.

[18] R. W. Mayhew, the Minister of Fisheries, also became a member of the Committee.

PARA. 2. SAVINGS BANK

228. Discussion of the possibility of there being competition between Post Office Savings Banks and the Newfoundland Savings Bank led to a discussion on the future of the latter under Confederation. It was considered that the Federal Government would probably permit the Newfoundland Savings Bank to continue as a Provincial institution but would undoubtedly insist on a reduction in interest rates in line with existing rates in Canadian Banks. It was felt that this was a matter which should be investigated more fully at an early date.

PARA. 3(D), TELEGRAPH SERVICES ON LABRADOR FROM BLANC SABLON TO RED BAY

229. It was considered, from comments made in this paragraph and in paragraph 3 (c), that Mr. Roddis was not entirely happy about the telegraphic service in Labrador and it was decided to discuss the question with him in more detail.

PARA. 4(E) RATES

230. The last sentence of this paragraph was noted with interest and it was agreed to keep this recommendation in mind in Ottawa.

PARA. 4(H) LANDED CABLE TAX AND TAX ON CABLEGRAMS

231. Consideration was given to the collection of a landed cable tax by the Provincial Government and to the imposition of a Provincial tax on cablegrams in addition to the tax imposed by the Federal Government.

PARA. 5(E) RADIO TELEGRAPH AND TELEPHONE COAST STATIONS

232. Members questioned Mr. Roddis' statement herein that "there is no strong argument for the continued maintenance of the stations at Battle Harbour, Cartwright and Hopedale . . . " and it was agreed to ascertain his reasons therefor.

233. It was also decided to request Mr. Roddis to enlarge upon the second paragraph on page 8 of his brief.

234. The retention of the present frequency allocations of VONF and of our Radio Telephone Ship to Shore Stations was considered to be of paramount importance and it was agreed that the delegation should endeavour to obtain an assurance from the Canadian Government that they will not be interfered with in any way.

The reading of the brief was discontinued at page 11.

EXPERT ADVICE

235. The Chairman reported that the Commission of Government had agreed to the retention of Messrs. Thompson and MacDonald as advisers to the delegation. It was agreed that both gentlemen should be approached by cable immediately.

TRADE MARKS, ETC.

236. The Chairman stated that he had discussed the question of Trade Marks, etc., with the Commission of Government and that the Secretary for Home Affairs will consult with the High Commissioner for Canada on this subject without delay.

. . .

ST. PIERRE AND MIQUELON

238. Consideration was given to the suggestion previously made by Mr. Smallwood that Canada should take over St. Pierre and Miquelon and transfer control of this territory to Newfoundland. Members generally were of the opinion that no action should be taken by the delegation in this respect.

FEDERAL CUSTOMS REVENUES, ETC.

239. A memorandum† submitted by the Secretary for Customs relative to the figures of probable Federal Revenues from Customs duties etc., set forth in the Grey Book was read by the Secretary and noted with considerable interest.

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713. NPA/GN 10

Extrait du procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extract from Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF TWENTY-FIFTH MEETING HELD ON THE 10TH OF SEPT., 1948, AT 2.30 P.M.

All members were present. Messrs. Angel, Walsh, White and Renouf, representing Associated Newfoundland Industries Ltd., were also in attendance.

ASSOCIATED NEWFOUNDLAND INDUSTRIES LTD.

241. The whole of this meeting was devoted to a discussion of the problems confronting secondary industries in Newfoundland under Confederation. Speaking on behalf of his organization, Mr. Angel stated that these industries were going to be extremely hard hit if their economy had to be changed suddenly and drastically as a result of Confederation, without any intervening transition period within which they might be enabled to determine exactly where they stood and what steps should be taken by them to meet the increased competition which will undoubtedly be forthcoming from similar industries in other Provinces of Canada. He envisaged that, if such transition period was not granted, a number of small industries would have no alternative but to cease operations, thereby throwing many workers out of employment and causing considerable loss of capital, etc.,

242. Members of the delegation assured the A.N.I. representatives that, in general, they fully realized the handicaps and difficulties which would confront local industries consequent upon the entry of Newfoundland into Confederation and were prepared, during their negotiations in Ottawa, to make every reasonable effort to safeguard their interests. It was pointed out, however, that only the representatives of these industries were thoroughly conversant with the many problems which were likely to arise and that, therefore, it was up to them to inform the delegation of these problems and to recommend ways and means whereby they might be overcome. It was absolutely essential that the delegation should be provided with all necessary data to enable it to present an irrefutable case to the Canadian Government in support of any concessions which it might be

considered advisable to request and it was for this reason that the delegation had asked A.N.I. some time previously to submit a brief in this respect.

243. Mr. Angel stated that they were now endeavouring to prepare this brief as requested and had circularized all their members accordingly. However, its preparation was not as easy as might be imagined and it was by reason of this fact that they had sought an interview with the delegation.

244. Mr. Smallwood remarked that, in his opinion, the degree to which the delegation would be successful in any negotiations which it might undertake in Ottawa on behalf of local industries depended entirely on the value of these industries to the economy of Newfoundland. He then asked Mr. Angel if A.N.I. could include in its brief statistics in respect of each class of industry relative to the amount of capital invested therein, the number of employees, total wages paid, total value of production, etc. Mr. Angel undertook to obtain this information as far as it was possible to do so.

245. Mr. Angel informed the delegation that A.N.I. appreciated the fact that there were limits to the concessions which could be requested from the Canadian Government on their behalf. Actually, all they required was a "cushioning" period within which to look around and ascertain whether it will be possible for them to continue operations successfully under Confederation or whether future prospects were such that it was advisable to discontinue manufacturing entirely and to dispose of their plants, etc., to other interests [. . .].

. . .

714. NPA/GN 10

Extraits du procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extracts from Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF TWENTY-SIXTH MEETING HELD ON THE 11TH OF SEPT., 1948, AT 10 A.M.

All members were present. The Secretary for Finance was also in attendance.

CANADIAN DELEGATION

246. The Chairman announced the personnel of the Canadian Delegation as communicated to him by His Excellency the Governor in Commission, and stated that it had been suggested that the Newfoundland Delegation should arrange to arrive in Ottawa to commence negotiations by the 4th of October, 1948. It was agreed that the delegation should leave St. John's on the afternoon of October 3rd with a probable stopover at Montreal and arriving in Ottawa on the 4th as suggested.

. . .

SKETCH PROVINCIAL BUDGET

248. The remainder of the meeting was taken up with an examination of the sketch Provincial Budget† as submitted by Mr. Marshall. The various items of

Revenue and Expenditure in the 1948-1949 Estimates were considered one by one and Mr. Marshall explained for the information of the delegation those items which he had incorporated into his budget and those which he had deleted, together with his reasons therefor.

. . .

RAILWAY RENEWALS FUND

250. Mr. Marshall was requested to obtain details regarding this fund and to submit a statement thereon to the delegation.

WITHDRAWAL OF COINAGE

251. Mr. Marshall was also requested to submit a statement in respect of the fund set up to provide for the withdrawal of coinage amounting, at present, to approximately $100,000.

PENSIONS

252. Mr. Marshall referred to Clause 17 (1) of the Grey Book wherein it is provided that Civil Servants now employed in services to be taken over by Canada will be offered employment "without reduction of salary." He pointed out that, under the Canadian Civil Service Superannuation Act, these employees will be required to contribute a certain amount to their pensions so that, if they are taken over at their existing salaries only, they will in effect be receiving less money than they did under the Newfoundland Government. The delegation requested him to submit a brief on this matter for further consideration.

. . .

715. NPA/GN 10

Extraits du procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extracts from Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF TWENTY-SEVENTH MEETING HELD ON THE 13TH OF SEPT., 1948, AT 10.00 A.M.

All members were present. The Secretary for Finance was also in attendance.

SKETCH PROVINCIAL BUDGET

253. Mr. Marshall continued with and concluded his explanation of the sketch Provincial Budget, consideration of which was deferred at the twenty-sixth meeting.

EXPERT ADVICE

254. The Chairman read a cable† received by him from Mr. J. S. Thompson wherein he agreed to advise the delegation on any matters which it might wish to refer to him. The Secretary was instructed to forward certain documents to Mr. Thompson for his immediate attention.

255. The Chairman also read a cable† from Dean MacDonald wherein he agreed to act as Constitutional adviser to the delegation provided he can obtain leave of

absence from Dalhousie University. The Chairman undertook to communicate with the President of the University in this connection without delay.

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CAPITAL WORKS

257. Mr. Marshall stressed the fact that the Sketch Budget prepared by him made no provision whatsoever for new capital expenditures but provided only for such capital expenditures in 1949-1950 as he considered necessary to complete work already commenced. Otherwise, the Budget was confined solely to "normal Provincial expenditure."

PROVINCIAL DEFICITS

258. It was noted that the Budget under consideration envisaged a deficit of over $5,000,000 for each of the first two years of Confederation at least and, in the opinion of some members, this constituted adequate grounds for a request for increased financial assistance from the Canadian Government to enable the Province to bridge this gap. It was appreciated that Canada would probably reply to such a request by advising the Province to raise more revenue by new and increased taxation, but, in actual fact, this provided no immediate solution. It had to be borne in mind that the principal sources of revenue enjoyed by Newfoundland in the past, viz. income tax and Customs duties, would henceforth be taken over by the Federal Government thus leaving the Provincial Government with the task of finding entirely new sources of revenue, i.e. new as far as Newfoundland is concerned. The question of setting up the necessary machinery in this connection would involve considerable study and time and members felt that if the request to Canada for additional assistance during the transition period was based upon its being essential in order to enable Newfoundland to readjust itself to the status of a Province, then such a request would be favourably received.

SOURCES OF PROVINCIAL REVENUE

259. Consideration was given to possible sources of Provincial Revenue such as gasoline tax, sales tax at the retail level, municipal taxes etc. It was agreed that Mr. Thompson should be asked to consider and recommend to the delegation new forms of taxation which may be readily and effectively introduced in the Province following Confederation.

EXPRESSION OF APPRECIATION TO MR. MARSHALL

260. On behalf of the delegation, Mr. McEvoy thanked Mr. Marshall for his assistance in the preparation of the Budget and expressed to the Chairman the hope that he would be permitted to accompany the delegation to Ottawa in the capacity of adviser on matters of this kind.

TRANSITIONAL GRANT

261. Mr. McEvoy said that, as far as he could judge from his own observations and from the information submitted to the delegation by Mr. Marshall in his Budget, by Mr. Howell in his memorandum regarding the estimate of Federal Revenue in the Grey Book and by Mr. Allen verbally, it appeared that the total tax load on the people of Newfoundland under Confederation will be approximately $53,000,000 rather than $38,000,000 as estimated by the Canadian Government. In his opinion, this constituted a clear case for an increase in the

Transitional Grants and he had reason to believe that the officials whom the delegation would be meeting in Ottawa were prepared to concede this argument.

262. Mr. Smallwood strongly advised members not to be too hasty at this stage in assuming that the estimates of the Federal Government were highly incorrect. He stated that he was heartily in accord with obtaining additional financial assistance from Canada, if at all possible, but it was imperative that the case submitted by the delegation in favour thereof should be unassailable from every angle.

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716. NPA/GN 10

Procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF TWENTY-EIGHTH MEETING HELD ON THE 13TH OF SEPT., 1948, AT 2.30 P.M.

All members were present. The Secretary for Finance was also in attendance.

SKETCH PROVINCIAL BUDGET

263. Discussion was continued on the Budget submitted by Mr. Marshall. Mr. Smallwood drew attention to the amounts set forth on the Revenue side of the Budget in respect of Tax Agreement payments and claimed that, in actual fact, these payments would be much higher. Mr. Marshall replied that he had recently requested the High Commissioner for Canada to give him the latest available information regarding the G.N.P. in Canada. When he had this information he would be able to estimate payments under the Tax Agreement more accurately.

264. Mr. Smallwood also referred to the payments provided in the Budget in respect of the Special Health Grant which appeared to be somewhat conservative. Mr. Marshall explained the difficulty of preparing an accurate estimate of the amount which would be paid to Newfoundland under this scheme and it was agreed that this matter would have to await discussions in Ottawa when full details thereof and the extent of its application to Newfoundland could be definitely determined. It was also agreed that the sketch Budget should not be presented until this information was obtained.

265. It was noted that the Budget covered only the first two years of Confederation and the view was expressed that it should cover a longer period, if possible up to eight years. It was also considered that provision should be made in the Budget, in subsequent years, for the improvement and extension of existing services, rather than confine it, as at present, to the maintenance only of those services. It was further suggested that Capital Expenditure and Ordinary Expenditure should be shown under separate headings.

266. Mr. Marshall undertook to redraft the Budget along the lines recommended by the delegation and will endeavour to attend to this matter without delay.

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717. DF/Vol. 783

Mémorandum du directeur, la direction de la politique économique, ministère des Finances[20]

Memorandum by Director, Economic Policy Division, Department of Finance[20]

Ottawa, September 13, 1948

NOTES ON TRIP TO NEWFOUNDLAND

MacKay, Bates, Skelton and I left Rockcliffe Airport Thursday afternoon, August 26th about 4 P.M., arriving in St. John's, Newfoundland, early Friday morning. We returned the following Tuesday, making a flight around the eastern, northern and western coasts on the way home.

In accordance with instructions we made no attempt to meet members of the Ottawa Delegation (although we met Smallwood and Bradley in the Newfoundland Hotel on a number of occasions and paid a courtesy call on Walsh, the Commissioner for Justice who is also Chairman of the Delegation) and avoided giving any indication of government policy affecting the terms of union.

For the most part, I concentrated my inquiries on financial matters although I did incidentally learn something about other aspects of union. MacKay, as head of our group, did the honours by visiting the Governor and made a number of calls on leading political figures. Bates, who knows more about Newfoundland than the rest of us put together, enlarged his understanding of the fisheries. Skelton took a particular interest in natural resources, public works, and the attitudes and problems of the business community.

The following notes are based on information and impressions gained in Newfoundland but they are by no means confined to an account of what I saw and heard. During the visit, there was an active exchange of views amongst members of our group and a number of tentative conclusions are also recorded here:

PROBLEMS OF PROVINCIAL FINANCE DURING THE TRANSITION

As I understand the position, elections to the Newfoundland Provincial Legislature cannot legally be held until Newfoundland becomes a province and if the date of union is fixed for April 1st, physical conditions would make an election impossible for several months. Therefore, some arrangement must be made for carrying on the government of the new province between the formal date of union and the formation of a government which has demonstrated that it has the confidence of the people. Smallwood and Bradley would probably prefer to have the federal government appoint a Lieutenant-Governor who would call on either or both of them to form an administration which would govern the province until an election could be held. This procedure has some serious disadvantages. For example, it is doubtful whether such an interim administration could or should enact the legislation necessary to carry on the government of the province and in particular to impose the taxes that would be necessary to enable the province to pay its way.

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[20]M. W. Sharp.

The replacement of Newfoundland customs and excise duties by Canadian rates will involve a considerable reduction in taxes and presumably in prices. For example, the Newfoundland duty of 16¢ per gallon on gasoline will disappear. If the province is to impose new taxes in order to balance its budget, it would, therefore, seem wise to impose such taxes immediately following union so as to avoid a sharp drop in commodity prices followed by an increase when, as is inevitable, the provincial government has to impose commodity taxes for revenue purposes.

Moreover, it is doubtful whether a government which has not yet been exposed to the test of public approbation should be asked to enter into taxation and old age pension agreements with the federal government. Under the proposed terms of union, Newfoundland has an option as to the form of taxation agreement, involving the exercise of judgment as to the future course of events. The old age pensions agreement, too, is not altogether a matter of form since Newfoundland may, for budgetary reasons, find it impossible to make a thirty-dollar a month pension available at the outset.

For these and other reasons we came to the tentative conclusion that until an election can be held and the necessary provincial legislation passed, the federal government should leave the present Commission of Government in office. The only change would be that the Commission would report to Canada rather than to the United Kingdom and would, of course, be limited in its powers to the carrying on of provincial government. During this period of Commission Government, the federal government would underwrite any deficits. In effect, therefore, the terms of union would be improved by postponing the date at which the taxation agreements and interim grants became effective. The Commission would be directed to impose certain taxes during the interim period which the elected legislature could vary as it saw fit, effective as from the date on which the Commission was dissolved.

Meanwhile we learned that the Ottawa Delegation is very much concerned about the provincial budget. All Departments have been requested to make estimates of their probable requirements after union, and the Department of Finance has been asked to estimate probable revenues. Marshall, the Secretary of Finance, says that the revenue side of the accounts is almost impossible to estimate and that he has refused to indulge in prophecies as to provincial taxes. The adoption of our suggestion of an interim Commission of Government would simplify the problem since it would give an opportunity for estimates to be prepared during a period when provincial government would actually be effective.

FISH

The marketing of fish probably presents more formidable problems than any other aspect of union. The future of the Fisheries Board is at stake and the shortage of dollars threatens to curtail the markets for Newfoundland fish in Europe.

All salt cod caught by Newfoundland fishermen is marketed under control of the Fisheries Board through N.A.F.E.L. The Board has been termed, with some justice, a Fascist monopoly though it does not differ essentially from the Nova Scotia Apple Market Board and British Columbia Tree Fruits Limited except

that it has control of inspection and related services, as well as of marketing. Because of rise in prices and a capable manager (Ray Gushue), it has had a successful career. The Board is not, however, supported by all elements in the trade. Some leading exporters are opposed to its monopoly and Smallwood ventured the opinion that half of the trade is dissatisfied.

Apart from the inspection services which it renders, the Board could probably be continued as a provincial organization if the federal government proceeds with its legislation relating to provincial marketing schemes and includes fisheries within its scope. The problem would arise, however, as to whether the Dominion wishes to encourage the formation of provincial marketing organizations of this kind which could clash. There never has been a very strong movement in Nova Scotia for a similar organization and it is interesting to note that Canadian fish has benefited just as much as the Newfoundland fish from rising prices.

During the past year the British Government has been converting the proceeds of sale of Newfoundland fish to European markets into sterling. The sterling in turn has been "frozen" by setting it aside specifically for the repayment of the Newfoundland sterling debt. The proceeds cannot be used for payment of interest on the debt but interest is, of course, paid on the frozen balances. I was told that the British entered into this agreement most reluctantly and that they intended to bring it to an end at the end of the current year. An allotment of ERP[21] dollars has been made to finance sales to Italy this year (the allotment was specifically for Newfoundland fish and did not include Canadian fish). The allotment is sufficient to enable Italy to buy her accustomed quantities from Newfoundland. Negotiations are still proceeding with Portugal which is one of the most important markets for Newfoundland fish and which is not, of course, in receipt of ERP dollars.

Gushue makes much of Newfoundland's U.S. dollar earnings, contending that because Newfoundland contributes so largely to our U.S. dollar earnings, we should be willing to finance fish sales to Europe. I pointed out to Gushue that, in fact, Newfoundland required her American dollar earnings to buy supplies in Canada and that she was probably not a net earner of dollars vis-à-vis Canada and the United States together. The Newfoundland delegation, however, will, I am convinced, continue to press this point in the negotiations.

EXPENDITURES ON CURRENT SERVICES

It will be natural for the Commission of Government to economize wherever possible in the provision of services pending union. I was asked, however, whether Canada would assume outstanding liabilities incurred by Newfoundland on federal services. My answer was that where goods had actually been supplied or were in process of manufacture, we would undoubtedly honour the obligations but that this did not necessarily extend to commitments. It may be that we should reach some sort of understanding with the Commission of Government on these points within the near future.

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[21] European Recovery Program.

INCOME AND CORPORATION TAXES

Newfoundland collects income and corporation taxes in arrears as we did before 1942, therefore if union takes place April 1st, Newfoundlanders will still owe their taxes in respect of 1948. As far as the taxpayers themselves are concerned, there is no doubt in my mind that we should forgive taxes due for, say, the period between January 1, 1949 and March 31, 1949. I was asked to whom taxes in respect of 1948 would be payable after union. I was very guarded in my replies since this is a matter of policy and I pointed out that since Newfoundland was financing current operations with taxes collected on income of the previous year, it could be argued that Newfoundland should not continue to receive these revenues after she had been relieved of expenditures in respect of federal services. I was met with the argument, of course, that since we would be financing on a "pay-as-you-earn" basis, we would be collecting taxes currently to meet current expenses. I think that the Newfoundland argument should be accepted by us, but not immediately. It should be included as one of the additional sources of revenue available to the provincial government gained as a result of the negotiation.

F.E.C.B.

In all respects but one, Newfoundland applies the Canadian foreign exchange regulations. The only difference I could find is that for travel purposes in the United States, Newfoundlanders may obtain $250 per year rather than $150. Capital transfers are subjected to exactly the same scrutiny and regulation. The Board itself consists of three members, chaired by the Commissioner of Finance. Calver is secretary. Calver says that the Board had met only once in a very long time. The staff consists of Calver, his secretary, and from time to time two girl assistants to help on statistical work. Canadian chartered banks are authorized dealers but the Newfoundland Savings Bank is not. Post offices are semi-agents. It is believed that Newfoundlanders hold considerable amounts of gold dating from the panic of 1892(?).

NEWFOUNDLAND SAVINGS BANK

This bank has no branch offices. It pays interest at the rate of three per cent on amounts on deposit up to $5,000 and reduced rates on larger amounts. It can require 60 to 90 days notice of withdrawal but seldom, if ever, exercises this right. The post offices are used as branches of the Newfoundland Savings Bank in outports for deposit purposes.

DEBT POSITION

To date about $6 million has been accumulated in blocked sterling under the arrangement for conversion of European currencies into sterling. The Newfoundland surplus also includes an interest-free loan to the United Kingdom (approximately $9 million) which, I was told, is payable on demand in Canadian funds. During a casual conversation, Marshall made it clear that he understood how strong a claim Newfoundland will have for converting the frozen sterling balances into Canadian dollars at time of union.

IMPORT RESTRICTIONS

Marshall was of the opinion that considerable quantities of goods subject to Canadian import restrictions will be brought into Newfoundland prior to union.

Import licences must be obtained but these are now on an open basis and it will be exceedingly difficult to impose restrictions of any kind because, as Howell put it, "every Newfoundlander is potentially an importer." Many inquiries are now being received from Newfoundlanders about the position after union. Howell, the customs collector, asked for clarification of the position of goods in bond at time of union, and I ventured the opinion that goods in bond would be treated as not having entered Canada and therefore subject to quotas and prohibitions. It will be necessary to clarify the position and make a clear announcement of policy. I told Howell that when our restrictions were applied, we did not recognize outstanding commitments and that probably a similar policy would be followed when Newfoundland joins Canada. On the other hand, will goods in bond be considered as in transit to Canada or as giving grounds for cases of extreme hardship since their re-export would involve serious loss? There should be a careful and exhaustive study of the application of import restrictions to Newfoundland without further delay. A declaration of policy should be made soon because of the closing of navigation in northern districts.

ERRORS IN ESTIMATES OF REVENUE

It is clear that certain of the estimates of probable federal revenues contained in Annex IV of The Terms of Union are seriously in error. Estimated revenues from tobacco and liquor taxes are only a fraction of what they should be and customs duties and import taxes are probably much too low also. When these estimates were prepared we did not have access to consumption figures in Newfoundland and greatly underestimated the appetites of this island people. The underestimate of customs duties and import taxes is more probably due to an underestimate of the volume of trade. There is less dispute about personal income tax, corporation tax, sales tax, miscellaneous, excise taxes, etc., although these, too, are probably low just as were our own estimates of revenue for 1947-48.

This is an embarrassing situation because it is being alleged that we purposely underestimated our revenues in order to mislead the Newfoundland public into believing that the costs to the Canadian Government were higher than they actually will be. Howell and Allen (the income tax assessor) have been given the job of preparing the revised estimates and they will want to consult with us. I pointed out to both of them that the figures were irrelevant as far as the terms were concerned, that the terms had been decided upon, not in the light of overall cost to Canada but in the light of the treatment given to other provinces, and that time spent in trying to arrive at closer estimates of revenues would be largely wasted. Nevertheless, an attempt will be made to get better terms by showing that cost is not as much as we had suggested. I also pointed out that it was, in fact, impossible to make accurate estimates of probable revenues since the figures could never be checked by results and in any case there would probably be important changes in tax rates before or soon after union. I also pointed out that our estimates of probable expenditures were in all likelihood equally in error and that they would all have to be increased above the suggested levels.

In retrospect it is unfortunate that we ever consented to the publication of these figures for they will constitute a "red herring" to be drawn across the trail on every occasion.

DEPARTMENTAL ORGANIZATION

The Department of Finance has a staff of 26, including the Central Pay Office (12). The Assessor of Taxes has a staff of 35. I did not get figures on employees in Howell's branch but he himself is responsible for customs, immigration, weights and measures, shipping, and merchant seamen.

RENT CONTROL

Residential rents may not exceed levels of June 30, 1941, except by permission of the rent control authorities who may act on application of the landlord or tenant. Neal (the Commissioner of Natural Resources) was not clear as to the criterion used in reaching decisions on applications from landlords or tenants but I got the impression that they followed the rule of levels prevailing for similar accommodation in the neighbourhood. Rentals may be fixed on new dwellings on application of the tenant. Rent control is only an important and practical matter in St. John's. In the outports only one case has been dealt with, at Argentia.

PRICE CONTROL

Neal admitted that price control had been relatively ineffective. No attempt was ever made to impose a ceiling since such a high proportion of the goods sold in Newfoundland are imported. At present there is mark-up control on foodstuffs, hardware, and fishermen's clothing.

HEALTH GRANTS

I had a talk with Quinton, Commissioner for Health and Welfare, regarding health grants. They are particularly concerned about the hospital grants. All hospitals in Newfoundland are built by the government and there are some who feel that the prospect of assistance from the federal government will result in further delays in the construction of the Corner Brook Hospital which is already encountering difficulties because of rising costs. Quinton's officials are convinced that our system of health grants will not provide any relief to the provincial budget and that it will be necessary to curtail services because of lack of funds. Questions were asked about D.V.A. hospitals and hospitals for merchant seamen which I was unable to answer and they will certainly come up for discussion when the delegation is in Ottawa.

718. NPA/GN 10

Extraits du procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extracts from Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF TWENTY-NINTH MEETING HELD ON THE 14TH OF SEPT., 1948, AT 10.00 A.M.

All members were present.

NEW TAXATION

267. With reference to the necessity of raising additional revenue to bridge the gap between Revenue and Expenditure envisaged in the Sketch Budget and with

particular regard to the attitude which may possibly be adopted by the Federal Government to any request from Newfoundland for increased financial assistance, Mr. Smallwood stated that, in his opinion, there was very little chance of the delegation being successful in this respect unless it can definitely be shown that the amount of revenue that can be raised by taxation in Newfoundland is limited. He stated that, in the Maritime Provinces particularly, the main sources of revenue are (i) liquor (ii) roads e.g. gasoline tax etc., and (iii) the public domain. As far as Newfoundland was concerned (i) presented favourable possibilities but (ii) was not so fertile because of the scarcity of roads in Newfoundland and fewer motor vehicles as compared with the Maritime Provinces. With regard to (iii) the position in Newfoundland under Confederation will be most unfavourable. In the past the chief revenues obtained by Newfoundland from the public domain have been in the form of income tax and customs duties paid by operating Companies and these will henceforth be taken by the Federal Government. The only revenue which will be left to the Province from its natural resources will be rentals and royalties etc., and in most cases these are fixed by agreement and cannot be increased. Members generally agreed with these remarks and, in order to enable them to appraise the true position as regards the extent to which the natural resources of Newfoundland have been alienated and also the extent to which the revenues obtainable therefrom are limited by legislation, the Secretary was instructed to obtain complete data with respect to this matter from the Department of Natural Resources.

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MATTERS TO BE DISCUSSED IN OTTAWA

268. It was considered that the delegation was now in a position to prepare a tentative list of the various matters to be discussed during negotiations in Ottawa. The Chairman suggested that the Minutes of all Meetings to date should be examined in this respect and a list compiled therefrom accordingly. This procedure was adopted with the following results:

TO BE DISCUSSED IN OTTAWA

1. Enrichment of flour and butter.
2. Sea fisheries.
3. Local industries.
4. Use of Harmon Field and construction of air strips for civilian purposes.
5. Clarification of position with respect to Government agreements.
6. Income Tax from changeover standpoint.
7. Public and National Harbours and position with respect to small wharves, etc.
8. Trans-Canada Highway.
9. Trademarks, Copyrights and Patents.
10. Loss of Revenue as a result of political uncertainty.
11. Redrafting of Clause 2 of Grey Book.
12. Information regarding eligibility under the Family Allowance Act, 1944.
13. Clarenville Boats.

RESERVED FOR FURTHER CONSIDERATION

1. Refund of Customs duties.

2. Making Newfoundland a domestic market.

3. U.S. imports — provision of exchange to enable Nfld. to continue purchasing from this source.

4. Orders placed in U.S. before the 3rd of June, 1948 (in the case of capital goods intended for use in Newfoundland industries up to the date of Union) and not received until after entry into Confederation.

5. Application of Canadian Shipping Act as amended to (i) local masters and mates, etc., (ii) coastwise shipping with particular reference to ships of foreign registry, (iii) inspection of locally registered craft, (iv) sealfishery, (v) whaling and (vi) position of local fishermen in respect of sick mariners' hospitalization scheme.

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719. NPA/GN 10

Extraits du procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extracts from Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF THIRTIETH MEETING HELD ON THE 14TH OF SEPTEMBER, 1948, AT 2.30 P.M.

All members were in attendance with the exception of Mr. Bradley.

EXPERT ADVICE

271. The Chairman announced that he had received a cable from Dr. Kerr, President of Dalhousie University, approving leave of absence for Dean MacDonald and requesting permission to give publicity to his appointment in the Canadian Press. Members agreed that such publicity may be given.

MATTERS TO BE DISCUSSED IN OTTAWA

272. The listing of the various matters to be discussed by the delegation in Ottawa was resumed as follows:

TO BE DISCUSSED IN OTTAWA

14. Position of all buildings housing Provincial services.

15. (i) Amendment of Clause 16 (1) of Grey Book by substitution of "an efficient freight and passenger steamship service" for "a steamship service" in second line. (ii) Amendment of Clause 16 (3)(b) of Grey Book by deletion of words "so far as appropriate."

16. Construction of Marine Hospital.

17. Nfld. Broadcasting Corporation (i) repayment of Government loan and surrender of reserves, (ii) policy respecting charges for Provincial Government and religious broadcasts, (iii) retention of Newfoundland character, (iv) retention of 640 K.C. frequency, and (iv) status of local management.

18. Establishment of minimum of seven County Courts.
19. Public Debt.
20. Gander Airport (see Minute 213 and brief).
21. Newfoundland Railway (see brief).
22. Posts and Telegraphs (see brief).
23. Repatriation of sterling surplus and war savings.
24. Arrears of taxation.
25. Insertion of clause saving contracts made by Nfld. Government prior to Confederation.
26. (i) Clause 12 of Grey Book to read "nine months" instead of "six months."
(ii) Payments due Province under Tax Agreement to be retroactive.

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SELECTION OF ADVISERS TO ACCOMPANY DELEGATION

276. This matter was discussed and deferred for consideration by the full delegation.

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720. NPA/GN 10

Extraits du procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extracts from Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF THIRTY-FIRST MEETING HELD ON THE 15TH OF SEPT., 1948, AT 10 A.M.

All members were present with the exception of Mr. Bradley.

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LETTER FROM NFLD. MOTOR TRADE ASSOCIATION

280. A letter received from the Nfld. Motor Trade Association with reference to a number of problems confronting their members as a result of Confederation was discussed and it was decided to call in Mr. D. M. Clouston, a representative of the Association, for immediate consultation.

MATTERS TO BE DISCUSSED IN OTTAWA

281. Whilst awaiting the arrival of Mr. Clouston, further consideration was given to the letter of the Motor Trade Association and as some of the problems described therein appeared to apply generally to other trades and industries in Newfoundland it was decided to add the following to the list of matters to be discussed in Ottawa.

27. Goods in Newfoundland in bonded warehouses or in transit at the date of Confederation to be made available to importers on payment of prevailing Canadian rates of duty.

28. Relaxation of austerity programme in respect of Newfoundland.

29. Sales tax not to apply to any goods manufactured in or imported into Newfoundland prior to the date of Union.

30. Supply of barrelled beef, tinned milk and paper machine clothing.

TAXATION OF COOPERATIVE SOCIETIES

282. Consideration was given to a memorandum† submitted by the Director of Cooperation relative to the taxation of Cooperative Societies in Canada and it was agreed to add this question to the list of matters to be discussed in Ottawa as Item No. 31 thereon.

LETTER FROM NFLD. MOTOR TRADE ASSOCIATION

283. Upon the arrival of Mr. Clouston the contents of the letter from the Association were discussed at length and it was agreed that in order to enable the delegation to explore the situation further, Mr. Clouston should endeavour to obtain as quickly as possible statistics relative to the size of the motor trade and its value to the economy of Newfoundland, e.g. the number of dealers selling cars, the number of garages throughout the country, the number of employees and the amount of wages paid annually, the value of spare parts imported, the percentage of American cars in Newfoundland and total sales to American Bases personnel etc. With regard to sales to American Bases personnel, the Secretary was directed to obtain from Customs on behalf of Mr. Clouston information regarding the number of units so sold and their dollar invoice value.

EXPERT ADVISERS

284. It was agreed that publicity should be given in the local press to the appointments of Messrs. Thompson and MacDonald. The Secretary was instructed to attend to this matter.

SELECTION OF ADVISERS TO ACCOMPANY
DELEGATION TO OTTAWA

285. It was agreed that the Secretary of Finance was the only adviser whom it was necessary for the delegation to take with it to Ottawa immediately. It was further agreed, however, that when matters were being discussed in Ottawa relative to any Department of Government in Newfoundland, the Head of that Department and any other officials thereof who may be required will be requested to proceed immediately to Ottawa for consultation. The Chairman stated that he would arrange with the Commission of Government for the services of these officials to be made available to the delegation as and when necessary.

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MATTERS TO BE DISCUSSED IN OTTAWA

288. The following items were added to the list already compiled in this respect:

TO BE DISCUSSED IN OTTAWA

32. Pensions (i) C.N.R. to take over pensions already awarded and accruing in respect of the Nfld. Railway and (ii) Federal Government to take over pensions accruing in respect of services with Newfoundland Government.

33. Amendment of Clause 19 of Grey Book.

34. Re-drafting of Clause 21 of Grey Book.

35. Clauses in Goose Airport and other Agreements guaranteeing employment of Newfoundlanders.

RESERVED FOR FURTHER CONSIDERATION

6. Clause 13 of Grey Book.

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721. NPA/GN 10

Extraits du procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extracts from Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF THIRTY-SECOND MEETING HELD ON THE 16TH OF SEPT., 1948, AT 10.00 A.M.

All members were present with the exception of Mr. Bradley.

MEMORANDUM NO. 3 FROM FISHERIES BOARD

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290. Memorandum No. 3[†] from the Fisheries Board regarding (i) issue of trawling licences and (ii) fishermen's insurance, was read and noted.

ADVISERS TO ACCOMPANY THE DELEGATION TO OTTAWA

292. It was agreed that the Secretary for Justice should accompany the delegation to Ottawa as legal adviser. It will not be necessary to change the number of plane reservations already arranged (eleven) as Mr. Smallwood stated that he will be proceeding to Canada before the 3rd of October.

MATTERS TO BE DISCUSSED AT OTTAWA

293. The following items were added to the list of matters to be discussed in Ottawa.

TO BE DISCUSSED

37. Eligibility of Newfoundland Veterans for re-establishment credit.

38. Penitentiary to be taken over by Federal Government.

39. Repayment of recoverable amounts.

40. Constitution for Province e.g. (i) females over 21 to vote (ii) Labrador, (iii) provisions for voters' list and (iv) general adaptation of legislation.

41. Federal Districts.

42. T.B. Sanatoria for Mariners.

43. Federal Housing aid.

44. Establishment of units of regular armed forces in Newfoundland.

45. Status of present Newfoundland Passports.

46. Status of Newfoundland Savings Bank.

47. Coal subsidization.

FEDERAL EXPENDITURES IN RESPECT OF NEWFOUNDLAND

294. The Chairman referred to a statement of "additions to ordinary (federal) expenditures as a result of Union with Newfoundland in a typical year," submitted by Canada in response to a question asked in the National Convention by Mr. Hollett.[22] He stated that he would like to know exactly what these expenditures applied to and whether they were intended to cover only costs of services which would be maintained in Newfoundland by the Federal Government or were in addition thereto. The Secretary was instructed to circulate the statements to the Heads of the Departments concerned and obtain their views thereon.

. . .

722. NPA/GN 10

Procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF THIRTY-THIRD MEETING HELD ON THE 16TH OF SEPT., 1948, AT 2.30 P.M.

All members were present with the exception of Mr. Bradley. The Director of Agriculture was also in attendance.

INFORMATION FROM GOVERNMENT DEPARTMENTS

295. The Secretary was instructed to communicate immediately with all officials in Government Departments from whom the delegation has requested briefs, etc., on various matters and to arrange for the submission of this information without delay.

AGRICULTURE

296. The delegation held a long discussion with Mr. Gillis relative to various Agricultural services in Newfoundland and the extent to which financial assistance in respect thereto might reasonably be requested from the Federal Government over and above that which will ordinarily be provided by Canada. It was agreed that he should submit a brief on this matter for consideration by the delegation at an early date.

MATTERS TO BE DISCUSSED IN OTTAWA

297. At the suggestion of the Chairman it was agreed that each member should assume responsibility for the preparation of briefs on specific items on the list of matters to be discussed in Ottawa. The list was accordingly distributed as follows:

(i) *Chairman*. Nos. 9,11,19,23,33,35,37 and Nos. 5 and 6 on the Reserve list.

(ii) *Mr. Bradley*. Nos. 2,10,22,38,40 and 46.

(iii) *Mr. Smallwood*. Nos. 1,4,7,8,14,17(c),(d) and (e),20,26,31 and 41.

(iv) *Mr. Winter*. Nos. 16,27,29,30,36 and Nos. 3 and 4 on the "Reserve" list.

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[22]Voir appendice A. [22]See Appendix A.

(v) *Mr. Crosbie.* Nos. 12,32,39,42 and 45.
(vi) *Mr. Gruchy.* Nos. 15,28,43,44 and 47.
(vii) *Mr. McEvoy.* Nos. 3,5,6,13,18,21,24,25 and 34.

It was agreed that the delegation should adjourn until Tuesday, September 21st, in order to enable members to proceed with the preparation of their briefs. The Chairman stated that the Offices would remain open for the convenience of members wishing to use them or to obtain information etc., from the Secretary.

The meeting adjourned at 4.45 p.m.

723. PCO-CRF

Extrait d'un mémorandum du secrétaire du Cabinet au Cabinet

Extract from Memorandum from Secretary to the Cabinet to Cabinet

CONFIDENTIAL Ottawa, September 20, 1948

CABINET COMMITTEE ON NEWFOUNDLAND;
MEMBERSHIP

. . .

2. All departments of government will be affected in some degree by arrangements made for bringing Newfoundland into Confederation. Questions will arise from time to time which affect certain departments directly. It is therefore intended that Ministers who are not members of the Committee will be invited to attend meetings when matters of concern to them are under consideration.

A. D. P. HEENEY

724. NPA/GN 10

Extraits du procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extracts from Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF THE THIRTY-FOURTH MEETING HELD ON THE 21ST OF SEPTEMBER, 1948, AT 10.00 A.M.

All members were present.

EXPERT ADVICE

298. The Chairman stated that a cable had been received from Mr. Thompson advising that he would arrive in Newfoundland on the 23rd of September for consultation with the Delegation.[. . .]

. . .

300. A letter† from the Secretary for Natural Resources enclosing a brief on the probable set-up in his Department under Confederation was noted. It was suggested that this brief should be submitted to the Secretary for Finance for his information in connection with the Sketch Budget which he was preparing.

301. A statement[†] from the Secretary for Customs respecting duty-free items on the Newfoundland Customs Tariff was noted.

302. A memorandum[†] prepared by the Manager of the Broadcasting Corporation of Newfoundland on the organization, etc., of the Canadian Broadcasting Corporation was noted.

. . .

304. A letter[†] from the Newfoundland Medical Association requesting an interview with the Delegation was noted. The Secretary was directed to inform the Association that the Delegation would be pleased to meet their representatives at 4 p.m.

. . .

307. A letter[†] from the Secretary for Home Affairs respecting passports was read and noted.

308. The Secretary was requested to inform the Newfoundland Board of Trade that the Delegation wished to meet their representatives on the 22nd of September at 10.00 a.m. for the purpose of discussing the brief recently submitted by them.[23]

309. The Secretary was instructed to write the Atlantic Guardian Ltd. acknowledging their letter[†] of recent date and informing them that no action could be taken by the Delegation at this time in the matter of coverage by the Press of the forthcoming negotiations in Ottawa.

. . .

FIRST DRAFT OF DELEGATION BRIEF

311. The first draft of the briefs prepared by members on Items 1-13 on the list of matters to be discussed in Ottawa, were considered, amended in certain respects and passed to the Secretary for retyping.

. . .

725. NPA/GN 10

Procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF THE THIRTY-FIFTH MEETING HELD ON THE 21ST OF SEPT., 1948, AT 2.30 P.M.

All members were present.

FIRST DRAFT OF DELEGATION BRIEF.

312. Briefs[†] as prepared by members on Items 14 to 22 were considered, amended in certain respects and passed to the Secretary for retyping.

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[23]Voir la pièce jointe, document 1043.

[23]See enclosure, Document 1043.

NEWFOUNDLAND MEDICAL ASSOCIATION

313. The remainder of the meeting was directed to a discussion with Drs. Conroy and Pottle, representing the Newfoundland Medical Association relative to public health services in Newfoundland under Confederation. Dr. Conroy stated that the Association had given considerable thought to this question and was perturbed over the possibility that, under Confederation, not alone might Newfoundland not be in a financial position to continue the improvement and development of these services but might even be forced to lower present standards. The Association was of the opinion that this would be absolutely disastrous, particularly when it is considered that public health services in Newfoundland at the present time are still below the level of those existing in other Provinces of Canada. Members assured Drs. Conroy and Pottle that this matter had already received careful attention and was being thoroughly examined from every angle. It was agreed, however, that a statement from the Medical Association setting forth their views on the matter would strengthen considerably any recommendations which may subsequently be submitted by the Delegation to the Federal Government. Dr. Conroy undertook to have such a statement prepared without delay.

726. NPA/GN 10

Procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF THIRTY-SIXTH MEETING HELD ON THE 22ND OF SEPTEMBER, 1948, AT 10.00 A.M.

All members were present. Messrs. Ayre, Bowring, Renouf, Miller, Leith and Cook, representing the Newfoundland Board of Trade, were also in attendance.

NEWFOUNDLAND BOARD OF TRADE

314. The Chairman welcomed the representatives of the Board of Trade and informed them that the Delegation had received their brief and that it had been read by members with considerable interest. The purpose of calling them in for consultation was to enable them, if they so desired, to elaborate upon any of the points contained in the brief, or to submit any additional information which they may not have included therein.

315. The remainder of the meeting was directed to a lengthy discussion of the brief, item by item, and during this discussion in which all persons present participated, the various recommendations made by the Board of Trade were carefully examined. The Chairman informed the representatives that all matters referred to in the brief had already been considered by the Delegation in detail and assured them that their suggestions would certainly be kept in mind in connection with any proposals which might be submitted to the Federal Government when the final terms of Confederation were being negotiated. Mr. Ayre, speaking as President of the Board of Trade, stated that he was extremely pleased to have

such an assurance and had no doubt that the interests of the trade and of Newfoundland generally would be safeguarded by the Delegation to the fullest possible extent. He assured the Chairman, in return, that his organization was at the disposal of the Delegation for any assistance or information which might be required and expressed the hope that the Delegation would not fail to call upon them, if necessary.

316. Before the representatives retired, Mr. Ayre asked the Delegation to keep in mind particularly the absolute urgency of making some announcement regarding the salt codfish situation and the matter of refund of Customs duties at the earliest possible date in view of the doubt and uncertainty presently existing in these respects.

The meeting adjourned at 1.00 p.m.

727. NPA/GN 10

Procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF THIRTY-SEVENTH MEETING HELD ON THE 22ND DAY OF SEPTEMBER, 1948, AT 2.30 P.M.

All members were present.

FIRST DRAFT OF DELEGATION BRIEF

317. Briefs† on Items 23-33 as prepared by members were considered, amended in certain respects and passed to the Secretary for retyping.

318. The Secretary was instructed to add a paragraph to the "Fisheries" Brief relative to the sale of salt codfish to European markets.

The meeting adjourned at 5 p.m.

728. NPA/GN 10 438 (22)

Le secrétaire à l'Éducation, le ministère de l'Éducation de Terre-Neuve, au secrétaire, la délégation de Terre-Neuve aux négociations des Conditions de l'union

Secretary for Education, Department of Education of Newfoundland, to Secretary, Delegation of Newfoundland to the Negotiations of the Terms of Union

St. John's, September 22, 1948

Dear Mr. Channing,

Further to your letter of August 30th† and mine of same date† I am now in a position to inform you that the subject matter of your communication, namely Clause 19 of the arrangements for the entry of Newfoundland into Confederation with Canada has now been considered by the Council of Education and in turn by the various religious denominations represented on the Council.

I am attaching hereto copies of the statements submitted by the Executive Officers of the Department of Education on behalf of their respective denominational authorities. It will be noted that the Roman Catholic, Church of England and Salvation Army denominations are substantially in agreement with the provisions of Clause 19, but that the United Church of Canada denomination is of the opinion that the first paragraph of the Clause, slightly amended, could provide adequate safeguards to existing rights and privileges.

Yours sincerely,

G. A. FRECKER

[PIÈCE JOINTE 1/ENCLOSURE 1]

Mémorandum de l'officier administratif (Catholique romain), le ministère de l'Éducation de Terre-Neuve, au secrétaire, le Conseil de l'éducation de Terre-Neuve

Memorandum from Executive Officer (Roman Catholic), Department of Education of Newfoundland, to Secretary, Education Council of Newfoundland

St. John's, September 22, 1948

SUBJECT: NEWFOUNDLAND DELEGATION CLAUSE 19

The Roman Catholic Authorities have examined Clause 19 of the Arrangements for the entry of Newfoundland into Confederation with Canada as submitted to His Excellency the Governor by the Prime Minister of Canada on the 29th October, 1947 and are in general agreement with the wording of Clause 19 with the addition of the words "and Colleges" after the word "schools" in the second paragraph which would then read — "affecting" any right or privilege with respect to denominational schools and colleges.

The Roman Catholic authorities would, however, like further elucidation on the full implications of the concluding statement which reads as follows: "and to receive, notwithstanding such amalgamation or union, their proportionate share of the public funds of Newfoundland devoted to education." For example would the Amalgamated Schools then share in the College Grant or the Grant for assistance to Pupil Teachers? To date these Grants have been allocated denominationally on a per capita basis. If, as may probably happen, amalgamation increases to the point where say 25% of the population will be served by Amalgamated Boards, would 25% of the grants apportionated among the various recognized denominations on a per capita basis be apportioned to the amalgamated service and, if so, on what basis? Would the 25% be a charge on the share of the denominations taking part in the Amalgamation or a charge on the whole Vote? The latter method of allocation would involve a reduction in the legitimate overall per capita share of the groups not forming part of the Amalgamated service.

R. J. HANLEY

[PIÈCE JOINTE 2/ENCLOSURE 2]

Mémorandum de l'officier administratif (Église Unie), le ministère de l'Éducation de Terre-Neuve, au secrétaire, le Conseil de l'éducation de Terre-Neuve

Memorandum from Executive Officer (United Church), Department of Education of Newfoundland, to Secretary, Education Council of Newfoundland

St. John's, September 20, 1948

I have referred Clause 19 of the arrangements for entry into Confederation of Newfoundland with Canada, as submitted to His Excellency the Governor by the Prime Minister of Canada in October 1947, to the United Church authorities and have to report the following comment:

That the first paragraph of the Clause in question could provide adequate safeguards to existing rights and privileges by being amended to read:

"The Legislature of the Province of Newfoundland will have exclusive authority to make laws in relation to education within the Province as if Confederation had not been consummated." The second paragraph of the Clause should be deleted.

We submit that we have no right to restrict the rights or authority of the Legislature in dealing with a matter that is the distinct province of the Legislature. We agree that all existing rights and privileges in education should be strictly preserved, but we do not agree that in addition the Legislature should be restricted for all time from making any changes in education which may reflect the will of the majority. If the present rights and privileges in education are protected and the Provincial Legislature retains the authority which now exists and has existed without risk to present rights and privileges in education, that should be adequate.

FRA J. F. ENNIS

[PIÈCE JOINTE 3/ENCLOSURE 3]

Mémorandum de l'officier administratif (Armée du salut), le ministère de l'Éducation de Terre-Neuve, au secrétaire, le Conseil de l'éducation de Terre-Neuve

Memorandum from Executive Officer (Salvation Army), Department of Education of Newfoundland, to Secretary, Education Council of Newfoundland

St. John's, September 22, 1948

In reference to Clause 19 of the arrangements for entry into Confederation of Newfoundland with Canada as submitted to His Excellency by the Prime Minister of Canada in October, 1947, I am able to report that the clause appears to be

satisfactory, though it was questioned as to whether the word "authorize" used in the clause (line 10) could be interpreted in a coercive sense.

This would not be an ordinary interpretation and I assume that protection from coercive measures on the part of a future government to join any amalgamation at any time is assured by the clear stipulation in the opening phrases of the clause.

With this understanding, the present wording appears to be satisfactory to our denomination.

W. C. BROWN

[PIÈCE JOINTE 4/ENCLOSURE 4]

Mémorandum de l'officier administratif (Église d'Angleterre), le ministère de l'Éducation de Terre-Neuve, au secrétaire, le Conseil de l'éducation de Terre-Neuve

Memorandum from Executive Officer (Church of England), Department of Education of Newfoundland, to Secretary, Education Council of Newfoundland

St. John's, September 16, 1948

I have referred Clause 19 of the arrangements for entry into Confederation of Newfoundland with Canada as submitted to His Excellency by the Prime Minister of Canada in October 1947, to the Church of England authorities and have to report that, with the possible addition of the words "or colleges" after the word "schools" in the fourth line of the second paragraph, I have no suggestion for any change as the statement appears to be satisfactory in all other respects.

R. L. ANDREWS

729. NPA/GN 10 438 (2)

Le secrétaire aux Finances, le ministère des Finances de Terre-Neuve, au secrétaire, la délégation de Terre-Neuve aux négociations des Conditions de l'union

Secretary for Finance, Department of Finance of Newfoundland, to Secretary, Delegation of Newfoundland to the Negotiations of the Terms of Union

St. John's, September 23, 1948

You will recall that the Delegation asked me to attempt to forecast the revenue and expenditure of the Province of Newfoundland during the first six years of Union.

2. I attach eight copies of estimates[24] which have been prepared on the broad lines indicated by the members and based on the following premises:

(a) Union will take effect from 1st April, 1949;

(b) Expenditure trends will, generally, be comparable to those revealed in the Public Accounts, etc., relating to the eleven years ending 31st March, 1949.

3. So that the Delegation might be in a position to relate the annexed expenditure estimates, as revised for 1949-50, with the first Sketch Budget, I have inserted two additional columns of figures which show (a) the figures in the Sketch Budget for the first year broken down by services, (b) a reallocation of the figures concerned to show, under ordinary provincial expenditure, certain recurrent issues shown originally as Reconstruction Plan expenditure.

4. It will be noted that in 1949-50 expenditure, which, in my view, will have to be met to complete works commenced under the Reconstruction Plan, is fully covered on both "ordinary" and "capital" accounts from revenue of the year concerned, because I have brought in all possible items of non-recurring revenue ("windfalls"), including some $4,125,000 income tax on 1948 income and $4.6 M. recoveries of working capital. It is due to the incorporation of these windfalls that the deficit of $5.7 millions shown in the First Sketch Budget has been converted into a revenue surplus of $1.2 million. Whether or not all, or any of these windfalls will actually be brought to account as Provincial revenue will, of course, depend on the outcome of the impending discussions at Ottawa.

5. In respect of 1950-51 and 1951-52, provision is made for "capital" expenditure out of pre-1949-50 Revenue Surplus at the comparatively modest rate of $2,600,000 per annum, which, because of exhaustion of that Surplus through transfers to cover deficits, vanishes completely in the fourth year of Union.

6. It will be appreciated, I am sure, that the preparation of estimates for Government services for even one year in advance presents problems which, so far as I am aware, have never been fully solved with the result that, even on such a short-term basis as one year in advance, Government estimating rarely reflects actual outturns of either revenue or expenditure; the margin of error in forecasting up to six years into the future is, obviously, very greatly enhanced.

7. In view of the comments in the preceding paragraph, I presume that it is not necessary for me to emphasize that I am unable to accept responsibility for the figures incorporated in the annexures hereto, which are, in effect, little more than guesses as to what may be received or expended by the Province, on the assumptions prescribed by the Delegation and recorded at para. 2(b) above.

W. M. MARSHALL

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[24]Seulement deux tables de ces estimations sont reproduites ici.

[24]Only two tables from these estimates are reproduced here.

[PIÈCE JOINTE 1/ENCLOSURE 1]

PROVINCIAL REVENUE AND EXPENDITURE OF NEWFOUNDLAND FOR THE FIRST SIX YEARS OF UNION TOGETHER WITH ACCUMULATED REVENUE SURPLUS ACCOUNT

	1949-50	1950-51	1951-52
Expenditure			
Ordinary	$20,019,700	$21,452,300	$23,303,500
Capital	3,625,000	2,600,000	2,600,000
	23,644,700	24,052,300	25,903,500
Revenue	24,899,200	15,335,700	15,215,900
Gross Deficit	Nil	8,716,600	10,687,600
Surplus revenue	1,254,500	1,254,500	Nil
Net Deficit	Nil	7,462,100	10,687,600
Transfer from Accumulated Surplus Revenue Account	Nil	7,462,100	10,687,600
Uncovered Deficit	Nil	Nil	Nil

	1952-53	1953-54	1954-55
Expenditure			
Ordinary	$24,005,600	$24,415,300	$24,415,300
Capital	Nil	Nil	Nil
	24,005,600	24,415,300	24,415,300
Revenue	14,655,400	14,178,900	13,828,900
Gross Deficit	9,350,200	10,236,400	10,586,400
Surplus Revenue	Nil	Nil	Nil
Net Deficit	9,350,200	10,236,400	10,586,400
Transfer from Accumulated Surplus Revenue Account	5,250,300	Nil	Nil

Uncovered Deficit	4,099,900	10,236,400	10,586,400
		4,099,900	
		14,336,300	14,336,300
			24,922,700

[PIÈCE JOINTE 2/ENCLOSURE 2]

ACCUMULATED SURPLUS ACCOUNT

	1948-49	1949-50	1950-51
Opening Balance	$28,182,000	$23,400,000	$23,400,000
Debt Reserve	3,232,000		
	24,950,000		
Deficit	1,550,000	Nil	7,462,100
Closing Balance	23,400,000	23,400,000	15,937,900

	1951-52	1952-53	1953-54	1954-55
Opening Balance	15,937,900	5,250,300		
Debt Reserve				
Deficit	10,687,600	5,250,300		
Closing Balance	5,250,300	Nil	Nil	Nil

730. NPA/GN 10 438 (20)

Le gérant, Newfoundland Associated Fish Exporters Ltd., au secrétaire, la délégation de Terre-Neuve aux négociations des Conditions de l'union

Manager, Newfoundland Associated Fish Exporters Ltd., to Secretary, Delegation of Newfoundland to the Negotiations of the Terms of Union

St. John's, September 23, 1948

Dear Sir,

We are attaching 8 copies of Memorandum prepared by us in connection with the marketing of Newfoundland salt fish. In the Memorandum reference is made to the legal Opinion secured from Mr. V. C. MacDonald, K.C., being attached, but due to the length of the Opinion and the time factor, we are unable to enclose 8 copies. We are, however, enclosing one copy[†] which we have available, and suggest that the members of the Delegation will be able to refer to this if neces-

sary, although the answers to the questions put to Mr. MacDonald are quoted in the Memorandum.

We are also requested to enquire if the Delegation will be requiring the assistance of advisers from the salt fish trade during the course of negotiations in Ottawa. In view of the importance of the question, it is respectfully suggested that consultants from the salt fish trade would be of assistance to the Delegation. The expenses of any such consultants would be met by the trade. Should the Delegation approve this suggestion, an early reply would be appreciated so that the necessary arrangements can be proceeded with.

If there is any further information or assistance which the Delegation requires we shall be pleased to assist.

Yours very truly,

F. A. J. LAWS

[PIÈCE JOINTE/ENCLOSURE]

Extraits d'un mémorandum de la Newfoundland Associated Fish Exporters Ltd.

Extracts from Memorandum by Newfoundland Associated Fish Exporters Ltd.

St. John's, September 21, 1948

MEMORANDUM BY NEWFOUNDLAND ASSOCIATED FISH EXPORTERS LTD. ON SALT FISH MARKETING FOR CONSIDERATION OF NEWFOUNDLAND DELEGATION TO OTTAWA

The Delegation is already in possession of copy of a letter† addressed to H.E. the Governor dated August 2nd, in which there is briefly outlined the circumstances leading up to the present system of marketing Newfoundland Salt Fish and the position of marketing at the present moment. The following will endeavour to enlarge on those circumstances and the present system of marketing as well as raise some points which are relevant to the subject.

. . .

POSITION OF NAFEL UNDER CONFEDERATION

An Opinion as to the effect of admission of Newfoundland as a Province of Canada upon regulation of the export-marketing of salt fish was secured from Mr. V. C. MacDonald, K.C., of Halifax. A copy of the Opinion in full will be attached to this memorandum, but it is desirable to quote here the answers to questions, and conclusions contained therein:

PART IV

ANSWERS TO QUESTIONS

(1) "*In my opinion* those parts of the Fisheries Board Act which relate to the regulation by licensing etc. of the export of salt fish and the marketing thereof *outside Newfoundland* will be beyond the capacity of the Province of Newfound-

land to enact; because relating to matters of interprovincial or external trade and commerce which are within the exclusive power of the Parliament of Canada.

ANSWER: The Provincial Legislature of Newfoundland will not have the power to do so.

(2) *In my opinion* such regulatory and licensing provisions as are contained in Section 7 (and 9) and the Regulations of the Commission and the Notice given thereunder by the Board, and which restrict the export-marketing of salt fish and require the compulsory delivery of such fish to NAFEL and confer upon it the exclusive right of export and foreign sale, will be beyond the capacity of the Provincial Legislature of Newfoundland for the same reasons as in (1) above. Moreover, NAFEL will be unable to maintain its status as a Provincial corporation for its corporate objects are non-Provincial in nature and therefore subject to *Dominion* Law.

ANSWER: The Provincial Legislature of Newfoundland will not have the power to do so.

Note: In coming to the conclusions above as to Questions (1) and (2) I attach much importance to the decisions cited in Part III Section C (e) above; in particular I stress the decision in *In re Grain Marketing Act, supra*, as it relates to Provincial (compulsory) co-operative marketing statute almost identical with the Newfoundland legislation here under consideration.

(3) *In my opinion* the present legislation in so far as it creates NAFEL a body corporate and enables regulation of the export-marketing of salt fish it will continue to have such effects; but in so far as it confers powers upon NAFEL and the Board in relation to non-Provincial objects and export trade with other countries or the several Provinces of Canada, those powers may be abrogated by the Dominion legislative enactments.

ANSWER: The present legislation will continue in effect until it comes into conflict with Dominion legislation relating to the regulation of external or interprovincial trade and commerce whereupon it will cease to be operative. It remains but to mention three matters:

(a) that the licensing and marketing legislation discussed may be re-enacted by the Province, but only as regards the trade in salt fish within the limits of that Province;

(b) that the Dominion Parliament is competent to re-enact the substance of that legislation so far as it relates to the marketing and export of salt fish from the Province to another country or to another Province;

(c) when so legislating in relation to the export trade in salt fish it is competent to the Dominion to vest powers of export regulation similar to those now possessed by the Newfoundland Fisheries Board in a Board or corporation *of its own creation* and to delegate to the latter power to grant such exclusive rights as are now possessed by NAFEL; but it is a very moot point (now before the Canadian courts) as to whether the Dominion could confer such powers upon any *Provincially created* body, such e.g. as NAFEL.

CONCLUSION

In the result (apart from the temporary period of uncertain duration during which the existing Newfoundland legislation relating to the internal and external trade in salt fish will continue in operation) it is clear — in my opinion — that the whole matter of the trade in salt fish as between Newfoundland and any other Province or country will come under the exclusive jurisdiction of the Parliament of Canada.

This Opinion has been based on the assumption (fortified by the terms of the 'Proposed Arrangements' above quoted) that in the matter of legislative jurisdiction Newfoundland's entry into Confederation will follow the terms of Section 146, and the precedents of the past. Accordingly it would seem that any change in the legal situation herein set forth must be secured, if at all, by a *change in the basis of union* itself. As to this however, there is doubt as to how far Parliament could go in the matter of departing from the present allocation of legislative power; for Section 146 makes the power of the King in Council *'subject to the provisions of this (B.N.A.) Act.'* Moreover the Government of Canada might well decline to sanction such a departure from the allocation which binds nine other Provinces."

With reference to 3 (c) above, we understand that since the foregoing Opinion was secured the Canadian Courts have decided that the Dominion cannot delegate its constitutional powers to a Province, nor a Province delegate its constitutional powers to the Dominion.

CONCLUSION

It must always be borne in mind that the present system of marketing Newfoundland Salt Fish has been the result of gradual development during the last 12 years, during which period a great deal of effort and hard work has been done by the exporters themselves, in collaboration with the Fisheries Board, to bring about a system of marketing considered to give the best results to our exporters and fishermen under existing world conditions. Co-operative marketing of Newfoundland salt fish was tried originally under the Group system prior to the war. A further advance came in 1943 under the international arrangements of the Combined Food Board and the facilities of the then existing Groups were utilised to carry out the export of all Newfoundland salt fish during that period. The prospects of the future are indicated earlier in this memorandum in the quotation from the report of the Post-War Planning Committee. The views expressed in 1945 when that report was written still hold good. Our competitor countries are getting into full production. A substantial proportion of their catches is being frozen, but if anything occurs to decrease the volume of fish which they can sell in frozen state, it will serve to swell the world total production of salt fish all the more. Overproduction has not arrived yet, but as the consuming countries of Europe gradually regain their feet and have more foodstuffs of various types available to them, so must we look forward to a break in the run of sellers' markets which we have experienced in recent years. We believe this to be a realistic outlook, and if Newfoundland is to be in a position to sell its fish to the best advantage, there can be no doubt that the co-operative form of marketing is the one most likely to give the best results.

It is also to be remembered that in 1946 when the trade were giving consideration to the future form of marketing, it was decided to go a step forward and amalgamate the Groups into one Company with the added feature of pooled returns, not because of the expectancy of indefinite continuance of a sellers' market, but precisely because of the realization that tougher days were to come and the trade's only hope of having a chance of securing a decent return for our fishermen lay in the direction of co-operation rather than competition amongst themselves in the markets. The idea was to get ourselves organized and operating in preparation for the slump which might come. It was realized that neither NAFEL nor any regulation of Government could prevent a drop in the world price of salt fish, but it was felt that, at any rate, such an operation as we now have would help to cushion the blow, and bring about a measure of stabilization which would otherwise be impossible under individual marketing. This prospect was preferred rather than for any repetition of the chaotic and demoralised conditions which hit the country, and the fish trade in particular, in the period between the two world wars.

By organization in our fishery affairs, we have gained the confidence of buyers abroad and we are in a much better position to face the future than, for example, the Canadian trade. In any case, we must sell half of our production to Europe, and in the face of organized selling on the part of Norway, Iceland, and the Faroe Isles, who are chiefly concerned in European markets, and the organized buying of the consuming countries, there would be little chance of Newfoundland exporters getting the best results if they are to operate individually.

It will be seen from the opinion secured from Mr. V. C. MacDonald, K.C., of Halifax, that there is doubt as to whether the Canadian Government will or can concede to Newfoundland the continuance of the existing marketing organization. Mr. MacDonald states that "it would seem that any change in the legal situation must be secured, if at all, by a *change in the basis of union* itself."

It remains but for us to repeat our considered conviction that the continuance of co-operative marketing of Newfoundland fish would be in the best interests of the fishermen and trade of Newfoundland. The fishery being as it is the key to the entire economic structure of Newfoundland will, we hope, be fully understood by the Canadian Government and, in view of this, that they will have special regard for the position in which Newfoundland is placed and arrange for the continuance of the existing marketing organization in the terms of union.

731. NPA/GN 10

Procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF THIRTY-EIGHTH MEETING HELD ON THE 23RD SEPTEMBER, 1948, AT 10.00 A.M.

All members were present.

FIRST DRAFT OF DELEGATION BRIEF

319. Briefs† on Items 34-47, as submitted by members were considered, amended in certain respects and passed to the Secretary for retyping.

The meeting adjourned at 4.45 p.m.

732. NPA/GN 10

Procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF THIRTY-NINTH MEETING HELD ON THE 23RD SEPTEMBER, 1948, AT 2.30 P.M.

All members were present.

CORRESPONDENCE

320. A memorandum† from the Director of Medical Services relative to Public Health Services in Newfoundland was read. It was noted that a further brief in this connection would be submitted by Dr. Miller following his return from Canada where he proposes to study similar services with Maritime Provinces.

321. Statements† with regard to the cost of operation of various Government Institutions, as submitted by the Secretary for Public Health and Welfare were noted.

322. A statement† submitted by the Secretary for Customs relative to the importation of petroleum products was noted. The Secretary was requested to obtain additional information on certain figures contained therein.

323. A statement† on the U. S. dollar position prepared by the Secretary for Finance was noted.

324. Memoranda† submitted by the Secretary for Natural Resources and by the Government Geologist relative to the collection of rentals and royalties etc. from natural resources were noted.

325. Information relative to the Bait Depot Service as set forth in a memorandum† from the Secretary for Natural Resources, was noted.

326. A comprehensive brief† prepared by the Secretary for Public Utilities on various matters connected with the work of his Department was noted. The Secretary was instructed to check the accuracy of para. (f) of Appendix V (9) thereto and to ascertain the views of the Secretary for Public Utilities as to what, in his opinion, would constitute a reasonable rental to be charged the Federal Government for any space occupied by them in provincial buildings.

PUBLIC HEALTH SERVICES

327. The Secretary was requested to prepare a short [note] on this matter for inclusion in the Delegation Brief.

UNEMPLOYMENT INSURANCE

328. Mr. Crosbie suggested that the clauses of the Grey Book relative to unemployment insurance, and the Unemployment Insurance Act itself, should be

studied closely by members to determine the effect and extent of their application to Newfoundland.

The meeting adjourned at 5.00 p.m.

733. NPA/GN 10

Procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF FORTIETH MEETING HELD ON THE 24TH SEPTEMBER, 1948, AT 10.00 A.M.

All members were present. Messrs. J. C. Thompson and W. M. Marshall were also in attendance.

FINANCIAL POSITION

329. The Chairman extended a warm welcome to Mr. Thompson and thanked him, on behalf of members, for his co-operation in having agreed to come to Newfoundland at such short notice. Mr. Thompson assured the Chairman that he was pleased to accede to the request to be present at this stage and had so arranged his schedule as to enable him to spend as much time with the Delegation as may be necessary. To date he had not had an opportunity to familiarize himself with the problems confronting the Delegation, as the documents forwarded to him by the Secretary had only arrived shortly before his departure. He stated however, that if the Chairman would care to outline the particular aspects of Confederation upon which his advice was required, he would give these matters immediate attention.

330. The Chairman, as requested, described the lines along which the Delegation had been working, particularly with reference to the preparation of a sketch Provincial Budget and to the question of a Debt Allowance. A copy of the Budget covering the first six years of Confederation, as prepared by the Secretary for Finance, was given to Mr. Thompson, together with a copy of a memorandum† relative to the financial position of Newfoundland which Mr. McEvoy had had prepared for his personal information. Mr. Thompson undertook to examine these documents immediately in consultation with the Secretary for Finance.

331. Various matters relative to the Public Debt of Newfoundland and to the imposition of new taxation under Confederation were discussed briefly by members with Mr. Thompson. Reference was also made to the question of sales of Newfoundland salt codfish to European markets and of refunds of Customs duties. It was agreed that these points also should be considered by Mr. Thompson in the course of his investigations and, for this purpose, copies of the briefs submitted by the Board of Trade and the Associated Newfoundland Industries Ltd. were passed to him by the Secretary.

332. The Chairman informed Mr. Thompson that an office would be placed at his disposal in the Colonial Building and assured him of the full co-operation and assistance of the Delegation at all times.

The meeting adjourned at 1.00 p.m.

734. NPA/GN 10

Procès-verbal d'une réunion de la délégation de Terre-Neuve aux négociations des Conditions de l'union

Minutes of a Meeting of the Delegation of Newfoundland to the Negotiations of the Terms of Union

MINUTES OF FORTY-FIRST MEETING HELD ON THE 24TH OF SEPTEMBER, 1948, AT 2.30 P.M.

All members were present.

FEDERAL DISTRICTS

333. A map was submitted by Mr. Smallwood showing his recommendations respecting the proposed Federal Districts which should be set up in Newfoundland following Confederation. This map was examined and discussed and it was agreed that the matter should be deferred temporarily in order to enable members to consider Mr. Smallwood's recommendations more fully.

RAILWAY UNIONS

334. The Secretary reported that he had been approached by a representative of various railway unions requesting an interview with the Delegation. It was decided to meet these Unions on the 25th of September, at 2.30 p.m.

CORRESPONDENCE

335. A letter from the Secretary for Education[25] enclosing the comments of the Executive Officers in his Department on Clause 19 of the Grey Book was discussed at length. The Chairman will draft a note in this respect for enclosure in the Delegation brief.

336. Briefs submitted by the Associated Newfoundland Industries Ltd.[26] and by NAFEL[27] and letters[†] from the Civil Service Association and the Imperial Tobacco Co. Ltd. were deferred for consideration at a later date.

HEADS OF GOVERNMENT DEPARTMENTS

337. The Secretary was instructed to ascertain whether various Heads of Government Departments who had been interviewed by the Delegation had yet proceeded to Ottawa as requested or whether they proposed to do so in the near future.[28]

The Meeting adjourned at 5.00 p.m.

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[25] Voir le document 728.

[26] Non reproduit. Une copie de cet exposé sur les effets de la Confédération sur l'industrie secondaire de Terre-Neuve se trouve dans NPA/GN10 438/10.

[27] Voir le document 730.

[28] Aucun procès-verbal des réunions entre le 25 septembre et le 2 octobre n'a été trouvé.

[25] See Document 728.

[26] Not printed. A copy of this brief on effects of Confederation on Newfoundland's secondary industries is in NPA/GN10 438/10.

[27] See Document 730.

[28] No minutes for meetings between September 25 and October 2 have been found.

735. 10300-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 241 St. John's, September 25, 1948

The Commissioner for Public Health and Welfare advised me today that Dr. L. A. Miller, Director of Medical Services in the Department of Public Health and Welfare, is now visiting the Maritimes for the purpose of securing information desired by the Ottawa delegation. The Commissioner also informed me that Dr. Miller intends to proceed direct to Ottawa early next week arriving on Wednesday 29th. I explained the difficulty of securing hotel accommodation and the Commissioner said that it is expected that Dr. Miller will be able to arrange his own accommodation. The purpose of Dr. Miller's visit to Ottawa is to obtain information regarding Federal Health and Welfare Services for the information of the Ottawa delegation. He proposed to call upon the Deputy Minister of National Health and Welfare on arrival.

736. 10287-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

TELEGRAM 182 Ottawa, September 25, 1948

Deputy Minister of Fisheries is very anxious to have Gushue and Carter, Secretary for Natural Resources, come up as soon as possible, and preferably in advance of the delegation, to discuss problems of Fisheries administration. The Deputy Minister advises that he can secure accommodation though it may not be in Chateau [Laurier Hotel].

737. NPA/GN 10 438 (23)

Extraits d'une lettre du contrôleur des contributions, le ministère des Finances de Terre-Neuve, au secrétaire, la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extracts from Letter from Assessor of Taxes, Department of Finance of Newfoundland, to Secretary, Delegation of Newfoundland to the Negotiations of the Terms of Union

St. John's, September 27, 1948

Dear Sir,

I wish to make the following observations with respect to your memorandum of September 8th, 1948.[29]

PERSONAL INCOME TAX

2. The estimate of the additional Federal revenue set at $3,200,000 is in my opinion greatly underestimated and that [*sic*] a closer estimate would be around $6,000,000. I have resorted to the publication *Taxation Statistics* published by the Department of National Revenue, Taxation Division, September 1947, in forming this estimate. Table G on page 115 of this publication gives the estimated distribution of taxpayers, income, and revenue by income tax class and by marital status and dependants. This Table shows the average income tax paid by Canadian taxpayers over a large range of income classes. We have statistics showing the number of Newfoundland taxpayers in the same range of income classes and I have made use of the Canadian group average in ascertaining the probable revenue from Newfoundland groups as shown in our own statistics.

3. Consideration was also given to the number of additional taxpayers in Newfoundland which would be taxable under Canadian income tax legislation. A further Table in the publication referred to above on page 123 gives the total number of taxpayers in Nova Scotia in 1942 as 70,515, this figure being approximately 11% of the total population. Applying this percentage to our population there would be 35,000 taxpayers in Newfoundland.

4. Two factors exist which undoubtedly tend to decrease any estimate of the number of taxpayers in Newfoundland arrived at in the above manner. (1) A higher level of wages in Nova Scotia. (2) The distribution of the population in Newfoundland away from centres where a fairly high money income may be earned. Having regard to these factors, an estimate of 25,000 appears to be reasonable.

5. In view of the foregoing my estimate of the additional Federal revenue that would arise as a result of the inclusion of Newfoundland within Canada in a full year at the rates of tax enacted in the 1947 Federal Budget is $6,183,000. The details of the calculation are attached as an appendix to this letter.

CORPORATION INCOME TAX INCLUDING WITHHOLDING TAX

6. The figure of $7,500,000 appears reasonable.

SUCCESSION DUTIES

7. Since the estimate of $320,000 was prepared the exemption limit below which no duties are levied has been raised to $50,000 while the rates of duty remain substantially the same. With this generous exemption the number of dutiable Newfoundland estates cannot be expected to exceed 15 per year. If all the estates happened to belong to persons of very considerable wealth, the duties collected would be substantial. If, on the other hand, the estates were barely above the exemption limit, the revenue from this source would be negligible.

[29]Voir le document 706.

[29]See Document 706.

There is absolutely no way to determine in advance what the distribution would be particularly having regard to the small number involved. I believe that $100,000 would be a more realistic estimate.

8. The foregoing is summarized hereunder:

(1) Personal Income Tax $6,183,000.

(2) Corporate Income Tax including withholding tax $7,500,000.

(3) Succession Duties $100,000.

. . .

PROVINCIAL REVENUE

15. The Income Tax arrears prior to any assessments or deductions made in 1949 will amount to not less than $500,000 which will eventually accrue to the Provincial Exchequer. The Newfoundland portion of the 1949 income tax collections will in addition be paid to the Province and should over the fiscal year 1949/50 exceed the Federal instalment normally payable in June.

. . .

Yours faithfully,

G. W. D. ALLEN

[PIÈCE JOINTE/ENCLOSURE]

CALCULATION OF PROBABLE FEDERAL REVENUE
BASED ON CANADIAN STATISTICAL AVERAGE
OF TAXES PAID IN CANADA
TAXATION YEAR 1946

Income Class	Number of Taxpayers	Total Income (000)	Average Tax Canadian	Total Tax
Hundreds				
10-11	659	696	84	55,356
11-12	749	859	106	79,394
12-13	654	816	60	39,240
13-14	648	874	74	47,360
14-15	553	800	85	47,005
15-16	403	623	99	39,889
16-17	377	621	105	39,595
17-18	279	488	119	33,201
18-19	236	436	135	31,860
19-20	193	375	153	29,529
10-20	4,751	6,588	99	442,429
20-21	281	576	170	47,770

21-22	304	652	190	57,760
22-23	213	479	209	44,517
23-24	281	660	231	64,911
24-25	252	618	253	63,756
25-26	221	562	273	60,333
26-27	230	609	279	64,170
27-28	199	547	324	64,476
28-29	195	556	352	68,640
29-30	201	593	382	76,782
20-30	2,377	5,852	238	613,115
30-35	702	2,262	458	321,516
35-40	438	1,641	604	264,552
30-40	1,140	3,903	508	586,068
40-45	294	1,250	774	227,556
45-50	220	1,038	936	205,920
40-50	514	2,288	83[illegible]	433,476
Thousands				
5-6	201	1,588	1,219	354,729
6-7	186	1,203	1,567	291,462
7-8	143	1,061	1,959	280,137
8-9	86	729	2,343	201,498
9-10	87	830	2,810	244,470
5-10	793	5,411	1,680	1,372,296
10-15	201	2,388	4,100	824,100
15-20	93	1,580	7,040	654,720
20-25	57	1,257	9,893	563,901
10-25	351	5,225	5,388	2,042,721
25-50	70	2,220	16,880	1,181,600

50-100	8	455	38,380	307,040
Over 100				
Over 25	78	2,675	19,085	1,488,640
Total	10,004	31,942		6,978,745

Total	6,978,745
Add additional taxpayers due to Canadian Income Tax provisions, 15,000 at $50 average	750,000
	7,728,745
Estimated overall reduction by reason of reduced tax rates in 1947 Federal Budget, 20%	1,545,745
Probable Federal Revenue	$6,183,000

738. NPA/GN 10 438 (22)

Extrait d'une lettre du secrétaire à l'Éducation, le ministère de l'Éducation de Terre-Neuve, au secrétaire, la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extract from Letter from Secretary for Education, Department of Education of Newfoundland, to Secretary, Delegation of Newfoundland to the Negotiations of the Terms of Union

St. John's, September 27, 1948

Dear Mr. Channing,

In reply to the request contained in your communication of the 23rd instant,† I am forwarding, on behalf of the Secretary for Education, eight sets of a statement† regarding existing educational services and facilities in Newfoundland as compared with those of New Brunswick. It has not been possible, in the short time available, to obtain comparable figures of services in Nova Scotia. However, in the general notes at the end, an attempt has been made to compare the overall Newfoundland situation with those of the Maritime Provinces.

It should be noted that the figures given for the Newfoundland services are, in the main, those brought down in the face of the 1948/49 estimates. In a very few instances, however, the figures shown are those of the anticipated final outturn of expenditure for the year according to latest information. The figures for the New Brunswick expenditure were extracted from the published accounts of the Province for the fiscal year ended 31st October, 1947. The comparison with the

Newfoundland services, is on this basis alone, not entirely comparable since the respective fiscal years are not concurrent.

. . .

Yours very truly,

S. R. GODFREY
for Secretary for Education

739. 10477-40

Mémorandum du secrétaire, le sous-comité de direction, le Comité interministériel sur Terre-Neuve, au sous-comité de direction, le Comité interministériel sur Terre-Neuve

Memorandum from Secretary, Steering Sub-Committee, Interdepartmental Committee on Newfoundland, to Steering Sub-Committee, Interdepartmental Committee on Newfoundland

Ottawa, September 28, 1948

COMPOSITION OF CABINET COMMITTEE

Following a suggestion by Mr. Bates (Minutes of September 23),† the Cabinet at a meeting held on September 25th agreed that the Cabinet Committee on Newfoundland should be enlarged to include the Minister of Veterans Affairs.

The Cabinet Committee is therefore now composed of the following ministers:

Mr. St. Laurent
(Chairman)
Mr. Howe
Mr. Claxton
Mr. Abbott
Mr. Gregg
Mr. Mayhew
Mr. Pearson

The Cabinet Committee's Secretary is Mr. J. R. Baldwin of the Privy Council Office.

PAUL PELLETIER

740. C.D.H./Vol. 117

Mémorandum du bureau du Conseil privé au Comité du Cabinet sur Terre-Neuve

Memorandum from Privy Council Office to Cabinet Committee on Newfoundland

Ottawa, October 1, 1948

The seven reports attached hereto have been prepared for the Cabinet Committee's information prior to the opening of discussions with the Newfoundland delegation. The reports are:

(1) *General notes* by the Chairman of the Steering Committee of the Interdepartmental Committee on Newfoundland;

(2) A brief *outline of the organization* of the Interdepartmental Committee;

(3) Report of Sub-Committee on *Finance and Economic Policy;*

(4) Report of the Sub-Committee on *Fisheries;*

(5) Report of the Sub-Committee on *Law and Procedure;*[30]

(6) Report of the Sub-Committee on the *Organization of Administrative Services;*[31] *and*

(7) Report of the Sub-Committee on *Transportation and Communications.*

[PIÈCE JOINTE 1/ENCLOSURE 1]

Mémorandum du président, le sous-comité de direction, le Comité interministériel sur Terre-Neuve, au Comité du Cabinet sur Terre-Neuve

Memorandum from Chairman, Steering Sub-Committee, Interdepartmental Committee on Newfoundland, to Cabinet Committee on Newfoundland

Ottawa, September 30, 1948

FORTHCOMING DISCUSSIONS WITH THE NEWFOUNDLAND DELEGATION

The Newfoundland delegation is expected to arrive in Ottawa Sunday evening, October 3rd, weather permitting. The first meeting, which would be a public session in the Senate Chamber, is proposed for 3 o'clock, Monday, October 4th. It is proposed that other sessions should be in camera.

STATUS OF THE NEWFOUNDLAND DELEGATION

2. The delegation last year consisted of the committee of the National Convention, and it was empowered only to enquire whether a fair and equitable basis of union existed. The present delegation will be expressly empowered to *negotiate* on behalf of Newfoundland. (The word "negotiate" is used in the Prime Minister's statement of July 30th, 1948.)[32] The present delegation should, however, be regarded as representative of the Commission of Government which has reserved to itself the position of principal in the negotiations.

PERSONNEL OF THE NEWFOUNDLAND DELEGATION

3. The present delegation consists of more prominent representatives of business and professional circles than did the delegation of last year. It also includes

[30]Voir le document 908.
[31]Voir le document 1081.
[32]Voir le document 669.

[30]See Document 908.
[31]See Document 1081.
[32]See Document 669.

the Vice-Chairman of the Commission of Government, the Honourable A. J. Walsh, K.C., LL.B., Commissioner of Justice and Defence, who should be thoroughly familiar with Newfoundland governmental and administrative problems. Other members of the delegation are:

F. Gordon Bradley, K.C., LL.B.,
(member of last year's delegation);

Chesley A. Crosbie,
prominent fish exporter and businessman
who was leader of the so-called party for
Economic Union with the United States;

Philip Gruchy, C.B.E.,
Vice-President and General Manager of
the Anglo-Newfoundland newsprint
and pulp plant at Grand Falls;

John B. McEvoy, K.C., LL.B.,
after resignation of Mr. Bradley,
Chairman of the National Convention,
who is said to have the largest legal
practice in St. John's and is active
in various business enterprises;

Joseph R. Smallwood,
member of last year's delegation;

Gordon A. Winter,
one of the younger St. John's merchants
and past President of the Board of Trade.

4. Messrs. Bradley, McEvoy, and Smallwood were active supporters of confederation, McEvoy during the second referendum campaign. Messrs. Walsh and Gruchy are understood to be "confederates" by conviction, although they took no active part in the campaign. Mr. Crosbie was perhaps the most effective opponent of confederation. Following the second referendum, he issued a "sporting" statement accepting the verdict and called upon all Newfoundlanders to work together for the good of Newfoundland. In accepting an appointment on the delegation, he replied to the Governor, by a letter, subsequently published, reserving the right to oppose the final terms if he felt they were unfair to Newfoundland. Mr. Winter is known to have been opposed to confederation, but he has not expressly reserved his position with regard to the final terms, as has Mr. Crosbie.

NATURE OF THE NEGOTIATIONS

5. In his covering letter of October 29th, 1947, despatched with the "terms" to the Government of Newfoundland, the Prime Minister said:

"I feel I must emphasize that as far as the financial aspects of the proposed arrangements for union are concerned, the Government of Canada believes that the arrangements go as far as the Government can go under the circumstances. The Government could not readily contemplate any change in these arrangements which would impose larger financial burdens on Canada. On the other hand, with respect to those matters which are primarily of provincial concern, such as education, the Government of Canada would not wish to set down any rigid conditions, and it would be prepared to give reasonable consideration to suggestions for modification or addition."

6. In his statement of July 30th, announcing acceptance of the verdict of Newfoundland, the Prime Minister of Canada stated,

"The Government will also be glad to receive with the least possible delay authorized representatives of Newfoundland to negotiate the terms of union on the basis of my letter of October 29th, 1947, to the Governor of Newfoundland, and the document transmitted with it. In these negotiations any special problems which may arise in connection with the entry of Newfoundland to confederation will, I am sure, receive most careful consideration."

7. The Prime Minister's statement of July 30th is clearly considerably wider than that of his letter of October 29th. The letter of October 29th would appear to restrict discussion to matters "primarily of provincial concern, such as education," and to preclude re-examination of financial proposals. The statement of July 30th would appear, however, to permit the Newfoundland delegation to bring forward "any special problem . . . in connection with the entry of Newfoundland into confederation." It may be that, relying on this statement the Newfoundland delegation will feel entitled to reopen discussion on the financial proposals or certain aspects thereof. In any event the Canadian Government would appear to be committed to give "most careful consideration" to whatever special problems connected with Newfoundland's entry into confederation the delegation may raise.

R. A. MACKAY

[PIÈCE JOINTE 2/ENCLOSURE 2]

R.A.M./Vol. 2

NEWFOUNDLAND DELEGATIONS AND COMMITTEES
CABINET COMMITTEE

The Rt. Honourable L.S. St. Laurent, (Chairman) Acting Prime Minister and Minister of Justice

The Rt. Honourable C.D. Howe,	Minister of Trade and Commerce
The Hon. Brooke Claxton	Minister of National Defence
The Hon. D.C. Abbott	Minister of Finance
The Hon. J.J. McCann	Minister of National Revenue
The Hon. M.F. Gregg	Minister of Veterans Affairs
The Hon. R.W. Mayhew	Minister of Fisheries
The Hon. L.B. Pearson	Secretary of State for External Affairs

(Mr. W.E. Harris, Parliamentary Asst. to the Secretary of State for External Affairs, has been appointed as the Cabinet Committee's liaison with the Interdepartmental Committee.)

Mr. J.R. Baldwin (Secretary)	Asst. Secretary to the Cabinet
Mr. Paul Pelletier (Asst. Secretary)	Privy Council Office

NEWFOUNDLAND DELEGATION

The Hon. A.J. Walsh
(Chairman)
Mr. F.G. Bradley

Mr. C.A. Crosbie
Mr. P. Gruchy
Mr. J.B. McEvoy
Mr. J.R. Smallwood
Mr. G.A. Winter

Mr. J. Channing
(Secretary)

(Advisers)
Dean V. MacDonald
Mr. W.M. Marshall
Mr. H.G. Puddester
Mr. J.C. Thompson

INTERDEPARTMENTAL COMMITTEE

(a) *Steering Committee*

Mr. R.A. MacKay (Chairman)	External Affairs
Mr. E.R. Hopkins	External Affairs
Mr. H.R. Horne	External Affairs
Mr. J.E. Coyne	Bank of Canada
Mr. J. Howes	Bank of Canada
Mr. M.W. Sharp	Finance
Mr. A.B. Hockin	Finance
Mr. Stewart Bates	Fisheries
Mr. C. Stein	Justice
Mr. E.A. Driedger	Justice
Mr. Alex Skelton	Trade and Commerce
Mr. J.C. Lessard	Transport
Mr. J.R. Baldwin	Privy Council Office
Mr. Paul Pelletier (Secretary)	Privy Council Office

(b) *Main Committee*

(Chairman)	Under-Secretary of State for External Affairs
Mr. R.A. MacKay (Vice-Chairman)	External Affairs
Mr. J.G. Taggart	Agriculture
A/V/M Alan Ferrier	Air Transport Board
Mr. J.E. Coyne	Bank of Canada
Mr. J. Howes	Bank of Canada
Mr. Donald Manson	Canadian Broadcasting Corporation
Mr. L.C. Audette	Cdn. Maritime Commission
Mr. C.C.P. Graham	Cdn. Pension Commission
Mr. J.D. Ritchie	Central Mortgage and Housing Corporation
Mr. C.T. Jackson	Civil Service Commission
Dr. O.E. Ault	Civil Service Commission
Mr. H. Marshall	Dom. Bureau of Statistics
Mr. N. Keyfitz	Dom. Bureau of Statistics
Mr. H.G. Page	Dom. Bureau of Statistics
Mr. E.R. Hopkins	External Affairs
Mr. H.R. Horne	External Affairs
Mr. M.W. Sharp	Finance
Mr. A.B. Hockin	Finance
Mr. Stewart Bates	Fisheries
Mr. K.M. McIlraith	Insurance

Mr. C. Stein	Justice
	Labour
Mr. R.K. Odell	Mines and Resources
Mr. J.G. Wright	Mines and Resources
Mr. Alexander Ross	National Defence
Mr. A.B. Coulter	National Defence
Dr. H.A. Ansley	National Health and Welfare (Health)
Dr. H.D. Reid	National Health and Welfare (Health)
Mr. J.W. Willard	National Health and Welfare (Health)
Mrs. D.B. Sinclair	National Health and Welfare (Welfare)
Mr. Wm. B. Stuart	Nat. Revenue (Customs and Excise)
Mr. C.H. Cotter	Nat. Revenue (Taxation)
Mr. J.G. McEntyre	Nat. Revenue (Taxation)
Mr. E.J. Underwood	Post Office
Mr. Ludovic Germain	Post Office
Mr. L.J. Mills	Post Office
Mr. J.R. Baldwin	Privy Council Office
Mr. E.P. Murphy	Public Works
Mr. W.P. Harrell	Public Works
Mr. W.P.J. O'Meara	Secretary of State
Mr. J.T. Mitchell	Secretary of State
Mr. Alex Skelton	Trade and Commerce
Mr. J.C. Lessard	Transport
Cmdr. C.P. Edwards	Transport (Air)
A/V/M. A.T. Cowley	Transport (Air)
Dr. E.P. Laberge	Unemployment Insurance Commission
Mr. W.S. Woods	Veterans Affairs
Maj. Gen. E.L.M. Burns	Veterans Affairs
Mr. P.B. Cross	Veterans Affairs
Mr. Paul Pelletier (Secretary)	Privy Council Office

(c) *Sub-committee on Finance and Economic Policy*

Mr. M.W. Sharp (Chairman)	Finance
Mr. J.E. Coyne	Bank of Canada
Mr. B.G. McIntyre	Comptroller of the Treasury
Mr. W.T. Wilson	Emergency Import Control Div. (Finance)
Mr. P.L. Young	National Revenue (Customs and Excise)
Mr. C.H. Cotter	National Revenue (Taxation)
Mr. J.G. McEntyre	National Revenue (Taxation)
Mr. Alex Skelton	Trade and Commerce
Dr. C.M. Isbister	Trade and Commerce
Mr. G.A. Newman	Trade and Commerce
Mr. A.B. Hockin (Secretary)	Finance

(d) *Sub-committee on Fisheries*

Mr. Stewart Bates (Chairman)	Fisheries
Mr. A.W.H. Needler	Fisheries
Mr. S.V. Ozere	Fisheries
Mr. M.W. Sharp	Finance
Mr. A.B. Hockin	Finance
Mr. G.A. Newman	Trade and Commerce

(e) *Sub-committee on Law and Procedure*

Mr. C. Stein (Chairman)	Justice
Mr. E.A. Driedger	Justice
Mr. E.R. Hopkins	External Affairs

(f) *Sub-committee on Organization of Administrative Services*

Mr. J. Howes (Chairman)	Bank of Canada
Mr. G.T. Jackson	Civil Service Commission
Dr. O.E. Ault	Civil Service Commission
Mr. M.D. Fidler	Comptroller of the Treasury's Office
Mr. J.T. Marshall	Dom. Bureau of Statistics
Mr. R.A. MacKay	External Affairs
Mr. W.P. Harrell	Public Works
Mr. Alex Skelton	Trade and Commerce
Mr. C.J. Mackenzie	Treasury Board
Mr. H.R. Horne (Secretary)	External Affairs

(g) *Sub-committee on Transportation and Communications*

Mr. J.C. Lessard (Chairman)	Transport
A/V/M Alan Ferrier	Air Transport Board
Hon. Mr. Justice M.B. Archibald	Bd. of Transport Commissioners
Mr. Donald Manson	C.B.C.
Mr. L.C. Audette	Canadian Maritime Commission
Mr. S.W. Fairweather	Canadian National Railways
Mr. S.F. Dingle	Canadian National Railways
Mr. Norman Wilson	Transport
Capt. J.W. Kerr	Transport
Mr. F.A. Willsher	Transport
Mr. W.A. Thornton	Transport
Mr. A.D. McLean	Transport (Air)
Mr. G.C.W. Browne	Transport (Air)
Mr. P.D. McTaggart-Cowan	Transport (Air)
Mr. A. McDonald	Transport (Air)
Mr. R.K. Smith	National Harbours Board
Mr. E.J. Underwood	Post Office
Mr. E.G. Carty (Secretary)	Transport

[PIÈCE JOINTE 3/ENCLOSURE 3]

10202-40

Rapport du sous-comité sur les finances et la politique économique, le Comité interministériel sur Terre-Neuve

Report by Sub-Committee on Finance and Economic Policy, Interdepartmental Committee on Newfoundland

A. BACKGROUND OF FINANCIAL TERMS CONTAINED IN "PROPOSED ARRANGEMENTS FOR THE ENTRY OF NEWFOUNDLAND INTO CONFEDERATION"

The financial terms set out in the "Proposed Arrangements for the Entry of Newfoundland into Confederation" provide for the following:

(1) the assumption by Canada of the Newfoundland sterling debt and sinking funds ($71.9 m. debt and $8.3 m. sinking funds out of a total of $82.4 m. debt and $9.2 m. sinking funds);

Explanation — Assumed debt about equal to debt accumulated by Newfoundland for purposes that in Canada are of a federal character.

(2) the retention by Newfoundland of its accumulated surplus, one-third to be reserved to meet possible provincial deficits during the transition period, the remainder to be available for developmental purposes in Newfoundland;

Explanation — Newfoundland under-developed and will need surplus to bring services up to Canadian standards and to meet probable provincial deficits during the transition period.

(3) the population and government and legislature grants by the federal government, as provided in the B.N.A. Act.

Explanation — Normal for all provinces.

(4) the payment of $1,100,000 annually by the federal government to the provincial government in lieu of the various fixed annual awards, allowances, and subsidies provided for the Maritime Provinces, "and in recognition of the special problems created for the island province of Newfoundland by geography and a sparse and scattered population."

Explanation — Amount larger per capita than other Maritimes except Prince Edward Island, but less in absolute amount than New Brunswick.

(5) the offer of a tax rental agreement either up to the end of the fiscal year 1952 on the same basis as other provinces, or up to the end of the fiscal year 1957 on the basis of the existing agreements, regardless of the terms which may be negotiated by the other provinces in any renewals of the existing agreements;

Explanation — Newfoundland may not be able to risk termination of current tax agreements.

(6) the payment to Newfoundland of a Transitional Grant of $3,500,000 annually for the first three years of union, thereafter the amount to diminish annually by $350,000;

Explanation — It will require time for Newfoundland to develop provincial and municipal sources of revenue.

(7) the promise of a Royal Commission within eight years of union to "review the financial position of Newfoundland and to recommend the form and scale of additional financial assistance, if any, which may be required by the Government of Newfoundland to enable it to continue public services at their prevailing levels without resorting to taxation more burdensome having regard to capacity to pay, than that of the Maritime Provinces."

Explanation — It is impossible to make provision now for all contingencies.

The basic premise underlying the Canadian offer to Newfoundland was that no special terms could be offered Newfoundland which any of the existing provinces could claim should be extended to them. The above terms, therefore, are either similar to those enjoyed by other provinces or special terms of a temporary nature, designed to facilitate the transition of Newfoundland from the status of a semi-dependent area to that of a financially viable province.

B. SOME FINANCIAL PROBLEMS REQUIRING ATTENTION

The Sub-committee on Finance and Economic Policy has under consideration certain problems relating to the entry of Newfoundland into Confederation;

(1) *The Application of Import Controls to Newfoundland*

There are indications that certain Canadian, U.S. and Newfoundland business firms may be planning to evade Canadian import restrictions by importing into Newfoundland before union commodities which are subject to import controls in Canada. The goods would be held in Newfoundland until Confederation takes place, and then distributed throughout Canada.

The sub-committee is attempting to get further information on the subject. It may be necessary to request restrictions similar to those in force in Canada.

(2) *Inventory Losses*

It appears certain that the Newfoundland delegation will request the Canadian Government to consider reimbursing Newfoundland merchants for inventory losses they will suffer at the time of union as a result of the imposition of the lower Canadian tariff against third countries and the removal of all tariff barriers between Canada and Newfoundland. The practical difficulties involved (e.g. checking on claims) and the danger of establishing a precedent which might serve as the basis for claims after any change in Canadian taxes led the sub-committee to the opinion that no reimbursement could be considered. Furthermore, it might be pointed out that inasmuch as the tax will have been paid to Newfoundland and inasmuch as Newfoundland will keep its surplus, any rebates of taxes paid on inventory would be more appropriately paid by Newfoundland than by Canada.

(3) *Liability of the Dominion Government for Commitment on Federal Account by the Present Newfoundland Commission of Government*

Representatives of the Newfoundland Commission of Government have already asked informally if the Canadian Government would accept the financial responsibility for capital expenditures on federal account begun by the Commission of Government and not completed at the time of union. Unless some agreement is reached, the Commission of Government, faced with falling revenue, may feel it necessary to postpone needed capital expenditures until after union. It might be possible for the two Governments to decide on a *modus vivendi*, perhaps through prior agreements between the two governments on contracts to be entered into.

The sub-committee feels that this might be made the subject of discussion in the first instance with officials accompanying the Newfoundland delegation to Ottawa.

(4) *Personal and Corporation Income Taxes*

(a) The Newfoundland income tax law does not provide for a "pay-as-you-earn" method of collecting taxes, as does the Canadian law. If no special provision is made, Newfoundlanders after union will be in the unfortunate position of paying at one time income taxes both on current income and on income earned the previous year.

Officials of the Departments of Finance and National Revenue are studying the problem further. Some solution may be found along the lines of that worked out when Canadian income tax collections were changed in 1942, i.e. some taxes may have to be forgiven.

(b) A decision will have to be made as to whether the Federal Government or the Newfoundland Provincial Government should receive the taxes paid on 1948 income in Newfoundland.

This might well be used as a bargaining point, since Newfoundland is in an unique position in this respect.

(5) *Marketing of Fish in European Markets*

Newfoundland, in common with other hard currency areas, has found difficulty in marketing her products in overseas countries which are in exchange difficulties. In order to protect the important fishing industry the Newfoundland Government has arranged to have payments from certain European countries converted into blocked sterling accounts, to be applied against the Newfoundland sterling debt. Newfoundland exporters receive payment from the Newfoundland Government out of its accumulated dollar surplus.

The United Kingdom Government was extremely reluctant to agree to this action and there are indications that it will not be allowed to continue. Newfoundland authorities and fishing interests are afraid of what may happen, especially after Confederation, and will probably press for the financing of sales of fish to Europe by the Canadian Government. The delegation will argue that Newfoundland's earnings of U.S. dollars entitle her to special treatment in this regard.

This important problem is under consideration.

(6) *The Conversion of Newfoundland's Surplus*

Approximately $5.6 m. of the Newfoundland surplus is held in blocked sterling balances, as a result of the sale of fish to soft currency areas and the amount will be considerably higher by the date of union. These balances can be used only to retire Newfoundland's sterling debt. Since Canada has offered to assume the whole of the sterling debt, presumably the whole of the Newfoundland surplus will be put at the disposal of the province in dollars. This is, however, a question for discussion and decision.

(7) *The Assumption by the U.K. of a Share of the Newfoundland Debt*

Throughout the discussions on the possibility of Newfoundland's entry into Confederation the Canadian Government has had in mind the possibility that the U.K. Government might be persuaded to assume part of the Newfoundland debt, since the contingent liability of the rest of the debt would be removed.

The matter was not pressed, however, and Canada agreed in the terms of union to assume the whole sterling debt. It is believed that the Newfoundlanders will argue that if the U.K. can now be persuaded to assume part of the debt, the cost of union to Canada will be correspondingly reduced and that we will therefore be in a position to improve the terms, either by assuming the remaining Newfoundland dollar debt or otherwise.

(8) *The Transition Period*

Arrangements will presumably be made for the government of Newfoundland between date of union and the election of a legislature. A number of important financial questions will arise, e.g. signature of taxation and old age pension agreement and imposition of commodity taxes (gasoline) immediately upon removal of

the Newfoundland tariff during that period. It is desirable that insofar as possible these questions should be anticipated and answered well in advance of the date of union.

(9) *Tariff on Pickled Beef and Pork*

Newfoundland consumes substantial amounts of pickled beef and pork, both of which are free of duty. Over 50% of these commodities are imported from the U.S. Although Canada imports and consumes very little pickled beef and pork, she has imposed a tariff of 2¢ a lb. and 1 3/4¢ a lb. respectively against imports from the U.S.

The suggestion has been made that in order to avoid a rise in price or shortage of supplies, Canada should remove the tariff on these commodities.

The sub-committee is investigating the possibility of finding Canadian sources of supply sufficient to meet the requirements of Newfoundland consumers, and the possibility of using our willingness to remove the tariff on these two items as a lever to win tariff concessions on Canadian pork imported into the U.S.

(10) *Estimates of Federal Revenues and Expenditures*

As Annex IV to the proposed Terms of Union the Canadian Government submitted estimates of probable additions to Canadian revenues and expenditures as a result of union. It is now clear that additional revenues for the current year were seriously underestimated, partly because information regarding current Newfoundland consumption of tobacco and liquor was incomplete and partly for the same reasons that 1947-48 Canadian budget estimates were low. Although the figures were put forward tentatively and it was pointed out that they were subject to revision, the Newfoundland delegation will probably argue that the net cost to Canada will be very much less than indicated and that the terms of union can therefore be improved. In fact the estimates are quite irrelevant to the terms of union since the financial payments to a province do not depend upon the amount of federal revenue collected in that province and can never be checked against results. It should also be pointed out that estimates of Canadian expenditures are probably equally in error.

Furthermore any estimates of probable revenues now made on the basis of existing taxes have no significance if the Canadian tax rates themselves are changed.

[PIÈCE JOINTE 4/ENCLOSURE 4]

10202-40

Rapport du sous-comité sur les pêcheries, le Comité interministériel sur Terre-Neuve

Report by Sub-Committee on Fisheries, Interdepartmental Committee on Newfoundland

BACKGROUND

The fishery is of paramount importance to Newfoundland. It contributes most to the level of the national income and employs a large number of low-income

primary producers. The marketed value of fish products is about $34,000,000, the bulk of which is salted fish sold mainly in Europe but also in North and South America. For comparison, the fishery of the Maritime Provinces is valued at $55,000,000.

In Newfoundland the fisheries are administered by two bodies: (a) the Department of Natural Resources which attends to the development of the industry through research, the maintenance and operation of bait depots and the making of advances to boat-building and plants; (b) the Newfoundland Fisheries Board established by the Commission Government in 1936 which is responsible for regulating the fishery for conservation purposes, for the inspection of fish products and for the enforcement of a rigid system of controls over marketing.

CONSIDERATIONS

The Newfoundland Delegation is likely to be mainly concerned over the future of the Newfoundland Fisheries Board. That Board which has operated through twelve years of rising prices and strong markets is associated in the minds of many Newfoundlanders with the return of prosperity. There will be, therefore, pressure for the maintenance of this instrument and its powers. On the other side, this Board now exercises powers which are a Federal responsibility; these powers go beyond any granted to any Canadian Board by Parliament; it has created a single selling agency for the whole salt fish trade, regulating markets and prices and acting in keen competition with the salt fish exporters of the Maritime Provinces and Quebec. On occasion it has dumped in their markets. The permanent continuation of this Board might lead to a demand for similar Boards in the Maritime Provinces as a defence mechanism.

The Board administers Commission rules and regulations regarding fisheries and inspection, has powers over licensing and power to form associations of exporters. It is through the latter, and particularly the export monopoly association, NAFEL (Newfoundland Associated Fish Exporters Limited), that control over marketing is achieved. At the absolute discretion of the Board exporters on payment of a $10,000 fee may be admitted [to] this association, through which exports are made to all markets and profits are pooled in a cartel, and no export is permitted except in this way. Thereby export prices are controlled, and prices to various countries may be varied.

The export prices for salt fish got by this Association are about the same as those received by independent Canadian exporters. The prices to the primary producers in Newfoundland are believed to be lower than in Canada.

The future of the Board and its powers in the marketing field are the main problems for a policy decision.

RECOMMENDATIONS

1. The Board and its association now occupy so important a place in the marketing of Newfoundland fish that a sudden discontinuance would have serious effects. The marketing technique both in Newfoundland and in the buying countries has become adjusted to this system and the firm commitments extend beyond the proposed date of Confederation. There has been, moreover, little public assessment of the Board's value and, so far, there has been no opportunity

for discussions of it by elected representatives either in Newfoundland or in the Parliament of Canada. In view of these conditions, it might be desirable to continue the Board in operation under the Minister of Fisheries for an interim period of, say, two years, in order to permit an expression of public opinion.

It is recommended that during this transition period the Board be given only powers over marketing. These powers should probably be restricted only to export and not over trade with the rest of Canada. The competition for raw fish in Newfoundland by exporters in other provinces would aid in the assessment of the Board's value by and for the primary producers.

2. The other powers of the Board should be taken over by the Federal Government at the time of Confederation.

(a) The regulation of fisheries for conservation is a Federal responsibility and can be effective only when carried out federally.

(b) Inspection of fish products for export and interprovincial trade is a federal field in which we have been engaged for many years and are becoming increasingly active.

3. Other fishery matters that will probably be raised by the Newfoundland delegation are as follows. All of these should come within Federal jurisdiction at the time of Confederation.

(a) Who will be responsible for the activities of the present Department of National Resources?

(i) The Research work now done can be incorporated in the work of the Fisheries Research Board of Canada to mutual advantage.

(ii) The bait depots now administered by that Department and the sale of bait to the fishermen should also be continued under Confederation, and should become probably a federal responsibility. Some development in this field is urgently necessary in the Maritime Provinces.

(b) What will Canadian policy be on trawlers? The Newfoundland delegation may be assured that the Canadian Government does not wish to restrict the use of the most efficient means of fishing and is presently reviewing its trawler policy to that end.

(c) Will the Fisheries Prices Support Board be applicable to Newfoundland? It will be necessary to amend the Act to add to the membership of the Board, which is now five. Probably membership should increase to seven to permit one member from Newfoundland and one to represent Canada's inland fisheries, not now represented on that Board.

(d) The Newfoundland Government presently makes subsidies to fisheries development in the form of ship-building bounty, and also through direct advances to industry at a rate of 3 1/2 per cent. The loans outstanding are now $922,000. Consideration should be given to the necessity of continuing assistance of this kind for the rehabilitation and modernization of the fishing industry not only in Newfoundland but in Quebec and the Maritime Provinces. The delegation may argue that there will be need to assist the industry to change from the production of salt fish sold principally to dollar-poor markets to the production of fresh and frozen fish sold principally on this continent.

(e) The delegation will also raise the question of the marketing of Newfoundland fish in Europe, particularly Spain and Portugal, where almost one-half the salt fish production is customarily marketed. The shortage of dollars in these countries represents a major financial question on which recommendations will be made to the Government by the sub-committee on finance.

[PIÈCE JOINTE 5/ENCLOSURE 5]

10202-40

Rapport du sous-comité sur les transports et les communications, le Comité interministériel sur Terre-Neuve

Report by Sub-Committee on Transportation and Communications, Interdepartmental Committee on Newfoundland

Ottawa, September 29, 1948

The following pages constitute a brief outline of some of the problems involved in the taking over by the Dominion Government of transportation and communications in Newfoundland.

It should perhaps be stressed at the outset that there seem to be no important policy matters involved in this connection but merely a question of administrative adjustments.[33]

The following pages are merely a résumé of a much more detailed report[†] which has been prepared by the various departments and agencies represented on the sub-committee. Stencilled copies of this report will be available later to the Cabinet Committee if required.

MARINE SERVICES — In Newfoundland the laws covering Merchant Shipping are very similar to the Canada Shipping Act, 1934, so it is not expected that any considerable difficulties will be encountered.

AIDS TO NAVIGATION — The operation of the lighthouses and buoy services will be taken over as a going concern by the Department of Transport, also the administration of Public Wharves.

NAUTICAL SERVICES — These cover a variety of functions which will be taken over, the principal ones being:

Registry of Shipping — No difficulty is anticipated in the transfer of ships from Newfoundland to Canadian Registry.

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[33]Néanmoins, les questions de politique par rapport au chemin de fer de Terre-Neuve se sont révélées assez importantes. Au début d'octobre, S. W. Fairweather, vice-président du Canadien National, et S. F. Dingle, vice-président adjoint (opérations) se sont rendus à Terre-Neuve pour s'entretenir avec des représentants du chemin de fer de Terre-Neuve.

[33]In fact, policy considerations soon loomed large with respect to the Newfoundland Railway. In early October, S. W. Fairweather, Vice-President of Canadian National Railways, and S. F. Dingle, Assistant Vice-President (operations) proceeded to Newfoundland to confer with officials of the Newfoundland Railway.

Masters and Seamen — The present arrangements for the engagement and discharge of Seamen at Newfoundland ports should be continued and if necessary augmented to comply with the requirements of the Canada Shipping Act, 1934.

Pilotage — It is understood that Compulsory pilotage exists at St. John's, Newfoundland. Compulsory pilotage does not exist in Canadian waters but compulsory payment of pilotage dues is in effect in several of the principal pilotage districts in Canada. It may be prudent to consider the establishment of a pilotage district at St. John's under the control of the Honourable the Minister as Pilotage Authority and local Pilotage Authorities, if none now exist at the other ports.

STEAMSHIP INSPECTION — Steamship Inspection Service will be applicable to ships registered in Newfoundland and it may be necessary to establish a Steamship Inspection Office at St. John's, Newfoundland. In the past, by arrangement with the Newfoundland authorities, Steamship Inspection had on occasion extended its operations for inspection of passenger ships registered in Newfoundland, so they are familiar with the Newfoundland procedure.

MARINE SERVICES STEAMERS — It is understood this service is now supplied in Newfoundland by Commercial Coasting vessels which are subsidised by Newfoundland and arrangements will have to be made to extend the operation of Dominion Steamers and cover Newfoundland or to continue the present operations by Commercial Steamers.

MERCHANT SEAMEN COMPENSATION — This will be extended to the Newfoundland Merchant Seamen and in this connection it may be pointed out that:

(a) The Act applies to a seaman engaged on a ship only when such ship is engaged in trading on a foreign voyage or a home trade voyage as these voyages are defined in the Canada Shipping Act.

(b) The Provisions of the Act do not apply to fishermen.

(c) No compensation would be payable under the Act if the seaman is entitled to claim compensation under the workmen's compensation laws of Newfoundland.

(d) There is no cost to the Provinces of Canada under the Act as all compensation costs and costs of administration are borne by the employers.

RAILWAYS — Canada will take over the Newfoundland Railway and the steamship service between North Sydney and Port aux Basques and presumably these will be operated by the Canadian National Railways for the Government either as an autonomous organization or integrated into the Canadian National Railways.

BOARD OF TRANSPORT COMMISSIONERS — The Railway Service and Railway rates of the Newfoundland railway will be subject to regulation by the Board of Transport Commissioners for Canada and in this connection it is to be borne in mind that not all Railways come under the Board. In general, railways which are situated wholly within the one Province are not subject to the Board's jurisdiction unless they have been declared by the Parliament of Canada

to be for the general benefit of Canada. The same rule applies to Telegraph and Telephone lines.

CIVIL AVIATION — The operation of the Airports will be taken over as a going concern. The only large Airport operated by the Newfoundland Government is Gander, as Torbay, Buchans and Goose are already operated by Canada. It may be noted that the airports at Stephenville and Argentia are operated by the United States Government under a 99-year lease. However, in line with Canadian policy, in respect to sovereignty, it would be desirable to have these sites under Canadian jurisdiction. The Canadian Air Regulations will apply to Newfoundland and will be administered by the Department of Transport. Air Traffic Control will continue to be operated by Canada as at present.

RADIO — The licencing of transmitting and receiving stations will come under the Canadian regulations and no difficulties are anticipated. The Newfoundland Radio Marine Stations will be taken over for operation and added to the three Radio Marine Stations which Canada already operates in Newfoundland. Practically all the Radio Aviation stations in Newfoundland are now operated by Canada except the air-to-ground system at Gander for communication with aircraft and also communication with other Newfoundland Airports.

METEOROLOGY — The services are all operated by Canada at present under an agreement with Newfoundland and no difficulty is anticipated.

AIR TRANSPORT BOARD — The Trans-Canada Air Lines is the only carrier travelling regularly scheduled domestic flights. There may, however, be foreign carriers enjoying rights and privileges in Newfoundland territory which are not terminable under the same conditions as the Newfoundland-United States agreement.

CANADIAN MARITIME COMMISSION — The only service subsidized by Canada is Charlottetown, P.E.I., St. John's, Newfoundland which receives $54,000 annually to March, 1950. It is understood that some coastal services are subsidized by Newfoundland. The Newfoundland Government also pays a bounty on Steamship construction over a certain tonnage to encourage building of large fishing vessels.

NATIONAL HARBOURS BOARD — The waterfront facilities at St. John's Harbour are privately owned with the exception of railway terminals and some customs and other government offices. It is understood there is no considerable volume of import or export business in St. John's Harbour requiring facilities such as are required in the larger ports under the National Harbours Board and the Board are of the opinion that, with but incomplete facts at hand, no outstanding national service to Newfoundland or Canada may be gained now by the port at St. John's coming under the National Harbours Board administration.

CANADIAN BROADCASTING COMMISSION — The C.B.C. will presumably take over the Broadcasting Corporation in Newfoundland, will supply their broadcasting service to Newfoundland and receive the revenues from Radio Licence receiving sets.

POST OFFICE — The operation of the postal services will be taken over as a going concern. These follow a similar pattern in both countries and it is simply a matter of amalgamation. Commercial telegraphs are operated by the Post Office, in Newfoundland, therefore, post office employees transact both Post Office and Telegraph business. The Post Office do not think any practical difficulty would arise as Post Office employees in Canada undertake duties for various administrations.

741. 10300-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 263 St. John's, October 2, 1948

IMMEDIATE. October 2nd. Following for MacKay from Bridle, Begins: The Chairman of the delegation informed me this morning that Mr. Crosbie has suffered superficial injuries in a motor accident which will prevent him from proceeding to Ottawa for at least 10 or 12 days. The delegation will proceed as planned and Mr. Crosbie will join them later. Ends.[34]

742. 10300-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

TELEGRAM 200 Ottawa, October 2, 1948

Your telegram No. 263 of October 2nd.

Please convey to Mr. Crosbie the sincere regrets of myself and my colleagues that he has met with an accident and will be unable to come with other members of the delegation. Please also express to him our good wishes for a speedy recovery and our hopes that he will be able to join in our discussions shortly.

743. R.A.M./Vol. 3

Procès-verbal d'une réunion entre le Comité du Cabinet et la délégation de Terre-Neuve

Minutes of a Meeting between Cabinet Committee and Delegation of Newfoundland

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[34]Les autres membres de la délégation sont arrivés à Ottawa le 5 octobre.

[34]The other members of the Delegation arrived in Ottawa on October 5.

SECRET

MINUTES OF A MEETING OF THE CABINET COMMITTEE AND THE NEWFOUNDLAND DELEGATION HELD IN THE SENATE CHAMBER ON WEDNESDAY, OCTOBER 6TH, 1948, AT TWELVE O'CLOCK NOON

PRESENT:

CANADIAN CABINET COMMITTEE

The Acting Prime Minister and Minister of Justice, Mr. St. Laurent (co-chairman),
The Minister of Reconstruction and Supply and Trade and Commerce, (Mr. Howe),
The Minister of National Defence (Mr. Claxton),
The Minister of Finance (Mr. Abbott),
The Minister of National Revenue (Dr. McCann),
The Minister of Veterans Affairs (Mr. Gregg),
The Secretary of State for External Affairs (Mr. Pearson).

NEWFOUNDLAND DELEGATION

Mr. A. J. Walsh (co-chairman)
Mr. F. G. Bradley
Mr. J. B. McEvoy
Mr. J. R. Smallwood
Mr. P. Gruchy
Mr. G. A. Winter

SECRETARIAT

Mr. Baldwin
Mr. Pelletier

Mr. J. Channing

(Also present were members of the Diplomatic Corps, officials of Canadian and Newfoundland government departments, advisers to the Newfoundland delegation and representatives of the public and the Press.)

At the formal opening of the Canada-Newfoundland discussions, the Acting Prime Minister delivered an address of welcome to the Newfoundland delegates. In reply, Mr. Walsh, the Chairman of the Newfoundland delegation, gave a short speech in which he outlined the cordial relations and common ties which had always bound together Canada and Newfoundland.

(See attached copies of address of welcome by Mr. St. Laurent and speech by Mr. Walsh).[†]

Following Mr. Walsh's speech, on a joint motion by Mr. St. Laurent and Mr Walsh, the meeting adjourned until the following day at 3 p.m.

J. R. BALDWIN

744. R.A.M./Vol. 3

Procès-verbal d'une réunion entre le Comité du Cabinet et la délégation de Terre-Neuve

Minutes of a Meeting between Cabinet Committee and Delegation of Newfoundland

SECRET

MINUTES OF A MEETING OF THE CABINET COMMITTEE AND THE NEWFOUNDLAND DELEGATION HELD IN ROOM 497, PARLIAMENT BUILDINGS, ON THURSDAY, OCTOBER 7TH, 1948, AT 3 P.M.

PRESENT:

CANADIAN CABINET COMMITTEE

The Acting Prime Minister and Minister of Justice, Mr. St. Laurent (co-chairman)

The Minister of Reconstruction and Supply and Trade and Commerce, (Mr. Howe),

The Minister of National Defence (Mr. Claxton),

The Minister of Finance, (Mr. Abbott),

The Minister of National Revenue (Dr. McCann)

The Minister of Veterans Affairs (Mr. Gregg),

The Minister of Fisheries (Mr. Mayhew),

The Secretary of State for External Affairs (Mr. Pearson).

NEWFOUNDLAND DELEGATION

Mr. A.J. Walsh (co-chairman)

Mr. F.G. Bradley

Mr. J.B. McEvoy

Mr. J.R. Smallwood

Mr. P. Gruchy

Mr. G.A. Winter

SECRETARIAT

Mr. Baldwin

Mr. Pelletier

Mr. J. Channing

ALSO PRESENT:

Mr. C.J. Burchell, Canadian High Commissioner in Newfoundland,

Mr. W.E. Harris, Parliamentary Assistant to the Secretary of State for External Affairs,

Mr. J.W. MacNaught, Parliamentary Assistant to the Minister of Fisheries,

Mr. Stewart Bates, Deputy Minister of Fisheries,
Mr. J.C. Lessard, Deputy Minister of Transport,
Mr. J. Howes, Bank of Canada,
Mr. J.E. Coyne, Bank of Canada,
Mr. R.A. MacKay, Department of External Affairs,
Mr. M.W. Sharp, Dept. of Finance,
Mr. A.B. Hockin, Dept. of Finance,
Mr. C. Stein, Dept. of Justice,
Mr. E.A. Driedger, Dept. of Justice.

Mr. J.C. Thompson
Dean V. MacDonald
Mr. W.M. Marshall,
Secretary for Finance.

I. ORGANIZATION OF BUSINESS; FORECAST OF NEWFOUNDLAND PROVINCIAL BUDGET

1. THE ACTING PRIME MINISTER extended the Canadian government's welcome to the Newfoundland delegation and inquired whether they wished to advance specific suggestions regarding procedure and organization of discussions.

2. THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION stated that a brief would be completed shortly for submission and discussion; meantime a portion of the brief setting out estimated revenues and expenditures of the provincial government of Newfoundland for the fiscal years 1949-50 to 1954-55 was ready and could be considered independently. This material was submitted for consideration.

(Report on "Financial position of the Province")[35]

3. MR. ST. LAURENT suggested that detailed consideration of the material presented should be deferred until the sub-committee on Finance and Economic Policy composed of Canadian officials had reviewed it in consultation with appropriate Newfoundland advisers.

4. THE MEETING, after discussion, agreed that the report on the expected financial position of Newfoundland as a province be referred for review and report to the Canadian sub-committee on Finance and Economic Policy in consultation with Mr. Thompson and Mr. Marshall, advisers to the Newfoundland delegation.

II. SETTLEMENT ON NEWFOUNDLAND STERLING DEBT

5. MR. WALSH stated that the Newfoundland delegates had carefully considered the advisability of asking the U.K. government to take over the liability for Newfoundland's sterling debt, at the present time guaranteed by the United Kingdom. In the delegation's forecast of Newfoundland's estimated revenues and expenditures for the first six years following union, there was a total deficit of

[35] Voir la pièce jointe du document suivant.

[35] See enclosure of following document.

approximately $10,000,000 at the end of the six-year period. If the United Kingdom agreed to cancel the sterling debt, some solution of this problem of the deficit might be made easier.

The conclusion had been reached, however, that if this proposal were to be put forward it might more appropriately be done by the Canadian government.

6. THE MEETING, after discussion, deferred further consideration of this suggestion pending consideration by the Minister of Finance.

III. UNION: LEGAL PROCEDURE

7. MR. WALSH said that the delegation was concerned with the procedure which would be adopted for effecting union and enquired what views were held by the Canadian government in this matter.

8. MR. ST. LAURENT reported that a sub-committee of Canadian officials on Law and Procedure had been set up to examine this matter under the chairmanship of Mr. Stein of the Department of Justice. Several alternatives had been suggested and the matter was still under active study by the sub-committee with Mr. W. E. Harris, Parliamentary Assistant to the Secretary of State for External Affairs.

9. THE MEETING, after further discussion, agreed that the question of legal procedure be referred for consideration and report to the Canadian sub-committee on Law and Procedure in consultation with Mr. Harris and with Dean MacDonald and Mr. Puddester, advisers to the Newfoundland delegation. (It was expected that Mr. Puddester, Secretary for Justice, would arrive in Ottawa shortly).

IV. RELATIONS WITH THE PRESS

10. MR. WALSH stated that the delegation's deliberations prior to their departure from St. John's had been strictly confidential and that the delegates would prefer the present discussions to be held in the same light. He assumed, however, that certain arrangements would have to be made respecting statements to the press.

11. MR. ST. LAURENT agreed that the discussions should take place in camera. Insofar as relations with the press were concerned, the procedure adopted in 1947 during discussion with the delegation from the Convention, might be followed again. If the meeting were agreeable, the co-chairmen could make joint statements to the Press whenever needed.

At the conclusion of the present meeting, the Press might be informed that during the course of the first meeting information relating to financial questions and to legal matters had been exchanged and referred for further study and review.

12. THE MEETING noted with approval the suggestions advanced by Mr. Walsh and Mr. St. Laurent.

V. NEXT MEETING

13. MR. WALSH stated that the brief to be submitted by the Newfoundland delegation would be completed by the beginning of next week and that if the Cabinet Committee were agreeable, a meeting could be held next Tuesday at which time the brief would be submitted for consideration.

14. THE MEETING agreed, on Mr. St. Laurent's suggestion, that the next full meeting be held on Tuesday, October 12th, at 3 p.m., in Room 497, Parliament Buildings.

J. R. BALDWIN

745. 10202-A-40

Extrait du procès-verbal d'une réunion entre le Comité du Cabinet et la délégation de Terre-Neuve

Extract from Minutes of a Meeting between Cabinet Committee and Delegation of Newfoundland

SECRET

MINUTES OF A MEETING OF THE CABINET COMMITTEE AND THE NEWFOUNDLAND DELEGATION HELD IN ROOM 497, PARLIAMENT BUILDINGS, ON WEDNESDAY, OCTOBER 13TH, 1948, AT 3 P.M.

PRESENT:[36]

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ALSO PRESENT:

Mr. C.J. Burchell, Canadian High Commissioner in Newfoundland,
Mr. W.E. Harris, Parliamentary Assistant to the Secretary of State for External Affairs
Mr. Stewart Bates, Deputy Minister of Fisheries,
Mr. J.C. Lessard, Deputy Minister of Transport,
Mr. J. Howes, Bank of Canada,
Mr. H.R. Horne, External Affairs,
Mr. M.W. Sharp, Dept. of Finance,
Mr. A.B. Hockin, Dept. of Finance,
Mr. C. Stein, Dept. of Justice,
Mr. E.A. Driedger, Dept. of Justice.

Mr. W.M. Marshall, Secretary for Finance,
Mr. H.G. Puddester, Secretary for Justice,
Mr. J.C. Thompson,
Mr. G.W.D. Allen, Assessor of Taxes,
Mr. F.G. Howell, Secretary for Customs.

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[36]Au lieu de répéter les noms des membres des deux délégations dans les procès-verbaux des réunions subséquentes, seulement les noms des absents seront indiqués. A cette réunion, St. Laurent, Claxton et Pearson étaient absents.

[36]Instead of repeating the names of the members of the two delegations in all the minutes of the subsequent meetings, only those who were absent will be listed. At this meeting, St. Laurent, Claxton and Pearson were absent.

I. MINUTES

1. THE ACTING PRIME MINISTER (Mr. Howe) submitted the minutes of the meeting held on October 7th, 1948, for approval.

2. THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION pointed out that the deficit of $10,000,000 referred to in paragraph 5 was in error and that the figure should be $20,000,000.

3. THE MEETING approved the minutes as submitted subject to the correction indicated.

II. MEMORANDUM SUBMITTED BY NEWFOUNDLAND DELEGATION

4. MR. WALSH submitted for consideration a memorandum dated October, 1948, which had been prepared by the Newfoundland delegation. The memorandum reviewed problems connected with union and in certain cases set forth suggestions relating to these problems.

5. THE MEETING, after discussion, agreed that the various items dealt with in the memorandum be referred to the departments and sub-committees set out hereunder for consideration and report:

Item I — "Financial Position of the Province" — This item had been referred to the sub-committee on Finance and Economic Policy at the meeting held on October 7th;

Item II — "Fisheries" — Sections 1, 3 and 4 of this item, to the Minister of Fisheries for consideration and report by the sub-committee on Fisheries. Section 2 to the sub-committee on Finance and Economic Policy;

Item III — "Constitutional and Legal Matters" — To Mr. W. E. Harris, Parliamentary Assistant to the Secretary of State for External Affairs and the sub-committee on Law and Procedure;

Item IV — "Labrador Boundary" — To Mr. Harris and the sub-committee on Law and Procedure;

Item V — "Family Allowances" — To the Department of National Health and Welfare;

Item VI — "Sick Mariners Benefits for Merchant Seamen and Fishermen" — To the Deputy Minister of Transport to convene a committee with representation from the Department of National Health and Welfare;

Item VII — "Marine Hospitals" — To the Deputy Minister of Transport to convene a committee with representation from the Department of National Health and Welfare;

Item VIII — "Assistance for Housing" — The Newfoundland delegation to confer on this matter with Mr. D. B. Mansur, President of Central Mortgage and Housing Corporation;

Item IX — "Newfoundland Railway" — To the sub-committee on Transportation and Communications to consider in consultation with officials of the Canadian National Railways and the Newfoundland Railway System;

Item X — "Department of Posts and Telegraphs" — To the sub-committee on Transportation and Communications;

Item XI — "Civil Aviation" — To the sub-committee on Transportation and Communications (Sections 1 and 2 in consultation with the Air Transport Board);

Item XII — "Benefits to Newfoundland Veterans of World War II" — The Minister of Veterans Affairs to convene a committee with representation from the Department of Finance;

Item XIII — "Radio Broadcasting System" — Dr. McCann to obtain a report from the Canadian Broadcasting Corporation;

Item XIV — "Penitentiary" — The Acting Minister of Justice to obtain a report from the Commissioner of Penitentiaries in consultation with appropriate Canadian and Newfoundland officials;

Item XV — "Clarenville Boats" — To the sub-committee on Transportation and Communications in consultation with the Maritime Commission, Canadian National Steamships and the Department of Finance;

Item XVI — "Superior and County Courts" — To Mr. Harris and the sub-committee on Law and Procedure;

Item XVII — "Public Harbours" — To the sub-committee on Transportation and Communications in consultation with the Department of Public Works;

Item XVIII — "Public Buildings" — To the Department of Public Works;

Item XIX — "Repatriation of Sterling Surplus" — To the sub-committee on Finance and Economic Policy;

Item XX — "Income Taxes, Corporation Taxes and Succession Duties" — To the sub-committee on Finance and Economic Policy;

Item XXI — "Transportation" — To the sub-committee on Transportation and Communications;

Item XXII — "Pensions" — To the sub-committee on Finance and Economic Policy;

Item XXIII — "Unemployment Insurance" — To the Department of Labour;

Item XXIV — "Education" — It was pointed out that education was entirely a provincial matter and the Dominion government would probably have no objection to Newfoundland's proposals in this matter;

Item XXV — "Defence Establishment" — To the Department of National Defence;

Item XXVI — "Oleomargarine" — To Mr. Harris and the sub-committee on Law and Procedure;

Item XXVII — "Provincial Constitution" — To Mr. Harris and the sub-committee on Law and Procedure;

Item XXVIII — "Public Health Services" — To the Department of National Health and Welfare;

Item XXIX — "Newfoundland Government Savings Bank" — The Minister of Finance stated that savings offices of this nature were under provincial jurisdiction and that there was no federal statutory restriction on their operation other than the maximum allowable interest charge; the federal government did not restrict interest rates on deposits;

Item XXX — "Trans-Canada Highway" — To be taken under consideration in connection with forthcoming discussions with the provinces.

Item XXXI — "Clarification of Government Contracts" — In connection with the application of import restrictions to Newfoundland at the date of union, it was pointed out that it would be difficult for the government to make general exception in Newfoundland's favour. The importation of essential capital goods would be maintained through the existing system of permits while cases of severe hardship in the consumer goods field would be dealt with on an individual basis.

The item was referred for further consideration by the sub-committee on Finance and Economic Policy and subsequent consultation with the sub-committee on Law and Procedure.

Item XXXII — "Canada Shipping Act" — To the sub-committee on Transportation and Communications in consultation with the Department of National Revenue;

Item XXXIII — "Contractual Provisions for Employment of Newfoundland Workmen" — To Mr. Harris and the sub-committee on Law and Procedure;

Item XXXIV — "Loss of Revenue" — To the sub-committee on Finance and Economic Policy;

Item XXXV — "Trade and Industry" — To the sub-committee on Finance and Economic Policy; the latter part of this item "Investigation of Effect of Union on Local Industries" to the Economic Research Division of the Department of Trade and Commerce;

Item XXXVI — "Trade Marks and Patents" — To the Secretary of State Department;

Item XXXVII — "Goods in Bonded Warehouses and in Transit" — To the sub-committee on Finance and Economic Policy;

Item XXXVIII — "Federal Taxes" — To the sub-committee on Finance and Economic Policy;

Item XXXIX — "Importation of Certain Articles from the United States and the United Kingdom" — To the sub-committee on Finance and Economic Policy;

Item XL — "Enrichment of Flour and Oleomargarine" — To the Department of National Health and Welfare and to the Department of Trade and Commerce;

Item XLI — "Passports" — To the Department of External Affairs.

It was also agreed:

(a) that the officials and sub-committees of the Canadian government to whom references had been made would obtain advice and assistance from members and advisers of the Newfoundland delegation, as required, requests for such advice and assistance to be directed through the Chairman of the Newfoundland delegation;

(b) that with the exception of the sub-committee on Law and Procedure, which in view of the nature of its activities should function as a joint Canada-Newfoundland group, other departments and sub-committees to whom references had been made should, in the first instance, report to the members of the Canadian Cabinet who would subsequently report to the full meeting; and

(c) that meetings of the various sub-committees should be co-ordinated by the Secretariat (Mr. Pelletier).

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[PIÈCE JOINTE/ENCLOSURE]

B.C./Vol. 115

Extraits d'un mémorandum de la délégation de Terre-Neuve
Extracts from Memorandum by Delegation of Newfoundland

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Goods in Bonded Warehouses
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I. FINANCIAL POSITION OF THE PROVINCE

In the attached financial statements[37] an attempt has been made to forecast the revenues and expenditures of the Province of Newfoundland for the six years following union.

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[37]Non reproduits. [37]Not printed.

The forecasts of revenue are based upon amounts now collected from local sources and the income arising from additional imports upon gasolene and liquor. Revenue from gasolene tax has been forecast on the basis of a tax of fifteen cents a gallon; existing revenues arising from the sale of liquor at retail have been augmented by increasing the price of spirits by fifty cents a bottle, which is probably all that the traffic will bear having regard to higher Customs and Excise Tax following upon union.

In the forecasts of expenditure, consideration is given to the trend over the past eleven years and minimal provisions only are made for the extension or improvement of existing public services; nothing has been incorporated for the institution of new services. The forecasts are realistic in that they provide merely for the maintenance of existing services with the normal expansion which will arise by reason of necessary capital expenditure.

The cost of maintaining services for a small population scattered over a long coastline will impose a heavy burden on the new government. Revenue to maintain these services will have to be sought from people who are, in the main, fishermen and seasonal workers accustomed to a system of indirect taxation and traditionally opposed to any system of direct taxation. It therefore follows that the most important question for consideration is the ability of the new Province to provide public services which will remain her sole responsibility. While the standard of these services has been considerably improved within the past decade, the present standard is below that of any Province of Canada.

The remaining sources of revenue open to the Province after Federal levies have been made, are restricted; if expenditure is to be limited by available sources of income, the services already at low level must be still further curtailed.

The forecasts show an overall deficit of approximately ten million dollars per annum which will exhaust the existing surplus, and temporary augmentations thereof, by the end of the fourth year following union, and this despite the fact that prospective capital expenditures, following union, are shown at an annual rate of less than fifty per centum of those in the year immediately preceding union. Revenue from provincial sources, plus anticipated Federal grants, will be inadequate to meet the cost of those public services which remain the responsibility of the Province. With the gradual reduction of the transitional grant, the annual deficit will increase commensurably after the sixth year.

The Newfoundland Delegation appreciate the necessity of expanding revenues from existing or new sources and now set forth their views with respect thereto. It is realized that resort must be had to direct taxation other than income and corporation taxes and succession duties which will not be available to the Province when the Tax Rental Agreement is made. With respect to existing or prospective revenues, the following main sources have been examined:

(i) Public Domain;

(ii) Licence fees for vehicles and sales tax on gasolene;

(iii) A general sales tax at retail level;

(iv) Increased prices for liquor sold at retail by the Province; and

(v) Property Taxes

(i) Public Domain

Practically all of the forest assets, known mineral deposits, agricultural lands and water powers are held under grant, lease or licence from the Crown. The revenue derived from these resources is approximately $322,000. In view of existing contractual obligations, no increase in this revenue can be obtained.

Additional revenue from the Public Domain must await discovery and development of further natural resources, particularly in Labrador.

Over a period of years, revenue from new developments would probably be offset by the necessity of providing additional public services.

(ii) Licence fees for vehicles and sales tax on gasolene

Registration fees of motor vehicles are estimated at $292,900 for the first year of union and at $317,900 per annum thereafter. Unless there is an increase in the scale of fees, there will be no additional revenue from this source.

Gasolene taxes in the first year of union are estimated at $819,000 increasing gradually to $1,050,000 in the sixth year. With some extension and improvement of the highway system, for which little provision has been made in the estimates, and provided that heavy capital outlays are made for the accommodation of tourists, some further increase may be expected from this source. Foreign licence plates are seldom seen in Newfoundland and, because of Newfoundland's insular position, it would be unreasonable to compare tourist travel with other Provinces.

(iii) General Sales Tax

The principal new source of taxation would appear to be a general sales tax. Due to the sparsely settled nature of Newfoundland, the cost of collection would be higher than in any Province in Canada where such a tax is imposed. If a tax of this nature is imposed, the benefits accruing from the increase of duty-free imports would be largely offset in so far as taxpayers in the lower income groups are concerned.

(iv) Increased Prices for Liquor

This field has been covered in the second paragraph above.

(v) Property Taxes

Direct taxation of property throughout the country would meet with great resistance and would not be justified by results. The issue of Confederation was defeated eighty years ago mainly through opposition to property taxes, and attempts to organize Town Councils in some settlements during the past few years have been unsuccessful for the same reason. Any attempt by the Provincial Government to impose direct taxation on property in the early years of union would be disastrous. Slowly, over a long period, the people may come to accept local responsibility for municipal services. The Delegation strongly emphasizes that there is little hope of securing additional revenue for the Provincial Government, or of saving public expenditure, by the imposition of property taxes.

In Newfoundland there are fifteen municipal councils, including the City of St. John's. In St. John's, where approximately one-sixth of the population of Newfoundland resides, the net revenue from property taxes, including water rates and stock taxes is about $600,000.

Since the incorporation of the first outport local council in 1942 up to the end of the financial year 1947-48 a total of $225,000 has been collected in taxes by such councils and Government assistance to them has been of the order of $600,000.

Conclusion

It is apparent that there will be a wide gap between prospective revenue and expenditure, having regard to the amount reasonably required to maintain Provincial public services even at their present level, which is far below that of all other Provinces.

It will not be possible for the Province to bridge this gap either by increasing its revenue from Provincial sources or by reducing the present level of public services.

The existence of this gap presents a problem which is more than a financial one. It is one the solution of which is a prerequisite to workable union. It should therefore be placed in the forefront of the discussions.

II. FISHERIES

1. Newfoundland Fisheries Board

The fisheries of Newfoundland are public fisheries and as such will come within the jurisdiction of the Federal Government after Confederation. Their products as regards export, will also come within Federal jurisdiction.

In the past, the fishing industry in Newfoundland has suffered severely from lack of regulation and control both in grading for export and in the actual making of sales. The evil results of this unregulated system of production and marketing were recognized some thirty years ago and, accordingly, a system has been developed over a period of years which has been of inestimable benefit to the industry and to those engaged therein who comprise over half the population of the Island. The improvement is particularly noticeable in the salt codfish industry in which Newfoundland must necessarily deal with import organizations in many of its customer countries.

The active authority in Newfoundland at the present time is the Newfoundland Fisheries Board and to deprive that organization of its powers of control and of regulating exports would seriously endanger the whole salt codfish industry (and probably the herring industry) which is so vital to the welfare and economy of our people.

The powers of Newfoundland existing at union to legislate exclusively on matters relating to seacoast fisheries and the regulation of the trade of Newfoundland in fishery products should, notwithstanding the provisions of the British North America Acts, 1867-1946, continue for a period not exceeding eight years as the Government of the province may decide and, until repealed or varied by the legislature of the province, the legislation relating to such matters in force at union should continue.

The Federal Government should by annual grant reimburse the province in the amount of expenditure involved in providing the services in these matters which otherwise would be the responsibility of the Federal Government.

2. European Sales of Fish

The making of definite arrangements for the continuance of sales of Newfoundland codfish to Europe is a matter of great urgency. Of an average catch of a million quintals, approximately half must be sold in Southern European markets. These markets, under normal conditions, are regarded as "Sterling" markets, since they trade extensively with the United Kingdom and Sterling has, up to 1947, been convertible into Canadian dollars.

During periods when exchange difficulties were experienced between the United Kingdom and some European markets, and Trade and Payments Agreements had to be resorted to, the sale of Newfoundland fish was provided for therein. This was done in the case of both Spain and Italy and was possible because of the relationship between the United Kingdom and Newfoundland.

This matter is of grave concern to Newfoundland. The loss of European sales would bring about a condition of extreme poverty to thousands of fishermen and would seriously weaken the whole economy of the Province. The consequent necessity of marketing the entire catch on this side of the Atlantic would greatly endanger the stability of the fishing industry of the whole eastern seaboard of Canada.

3. Bait Service

At the present time, the Newfoundland Government owns and operates twenty bait depots situate at various places throughout the Island and it is proposed to erect additional depots in the near future. The Government also operates the M.V. *Malakoff* as a bait supply vessel. These depots supply bait for the use of inshore and bank fishermen and they have proved of great value not only to Newfoundland fishermen but also to fishing vessels from the Maritime Provinces.

It is suggested that, as a means of encouraging the fisheries, these depots should be taken over by the Federal Government and operated to provide a free bait service to fishermen. The service should be available to all Canadian fishermen, with regional control thereof in Newfoundland.

4. Inland Fisheries

Under Section 91 of the British North America Act, the control of sea-coast and inland fisheries is vested in the Federal Government. Clarification of the policy of the Federal Government with respect to control, supervision, development and improvement of the inland fisheries of Newfoundland is requested.

III. CONSTITUTIONAL AND LEGAL MATTERS

Clauses 1, 2 and 23 of the proposed arrangements for the entry of Newfoundland into Confederation relate to the territory and status of Newfoundland as a Province of Canada; and to the provision to be made in the instrument of union or in legislative enactment for such things as citizenship, continuation of Newfoundland laws, courts etc., the first constitution of the new Province and the application to Newfoundland of the British North America Acts and the retention by Newfoundland of its natural resources.

It is the opinion of the Newfoundland Delegation that basic to any proper approach to the legal and constitutional problems involved in union is recognition

of three facts: (i) that Newfoundland is a colony with a full apparatus of existing laws and courts of law; (ii) that under existing laws rights have been acquired by and privileges conferred upon, individuals and corporations; (iii) that Newfoundland must be provided with the organs of executive and legislative government essential to its function as a Province possessing responsible government and with a defined constitution.

Recognition of such facts involves recognition of the necessity of express provisions in the terms of union as to the immediate application of Dominion legislation to Newfoundland legislation relating to patents, fisheries, shipping, criminal law, taxation etc. It indicates that no such simple formula as that contained in Section 129 of the British North America Act of 1867 can be used with respect to the admission of Newfoundland eighty years after the original union. It will be necessary therefore to provide for the continuation of Newfoundland laws until the various Dominion statutes shall be brought into force, say by Dominion proclamation, at such subsequent dates as will allow of consideration of the terms of present Newfoundland law and of the extension to Newfoundland of the administrative machinery necessary to the effective operation of each Dominion measure in the new Province.

The Newfoundland Delegation firmly believes that the edifice of union must be reared on the foundation of respect for private rights and privileges previously conferred by or under Newfoundland law; and the express preservation of the contractual and/or statutory obligations of the Government of Newfoundland from the exercise of Dominion legislative power as to such of these matters as may otherwise be within the jurisdiction of Parliament. As illustrative of such matters, mention may be made of exemptions from, or fixed rates of assessment heretofore given to important corporations in respect of import duties, income taxes etc. and of private rights acquired under Trade Mark and Patent statutes.

Finally there is the great matter of the machinery whereby Newfoundland's entry into Confederation shall be brought about, and provision made for the interim government of Newfoundland until it has, by its own action or that of the British Government or Parliament, secured its own constitution. These matters of constitution, of procedure of admission, and of interim government must receive express mention in the terms of union after very careful consideration of the problems involved and of the wishes of the governments concerned. Thus for example, it may be noted that Section 146 of the British North America Act which expressly provides for the admission of Newfoundland cannot literally be applied and special legislative provision must be made.

In general the Newfoundland Delegation urges the necessity of full consideration of the procedural and transitional matters above mentioned so that agreement may be reached (i) as to how and by whose action Newfoundland will receive constitutional institutions of government and the method of its entry into union may be prescribed, (ii) as to how and to what extent the British North America Acts and existing Dominion legislation shall become applicable to Newfoundland; and (iii) that private rights and governmental obligations existing under Newfoundland legislation must be expressly preserved and carried over into union.

These matters stand apart from such other matters as financial terms, transfer of property, assumption of debts, etc. They are of a constitutional nature and variation may be required in procedures heretofore followed in the case of post-Confederation provinces and must be the subject of express provision in the Terms of Union. Some of them are specifically dealt with in subsequent sections.

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XIX. REPATRIATION OF STERLING SURPLUS

1. Description of Surplus

Clause 9 of the proposed arrangements provides for the retention of the accumulated financial surplus of Newfoundland, subject to certain conditions. A large part of the surplus is held in sterling and made up of an interest-free loan to the Government of the United Kingdom, repayable in dollars on demand, amounting to $9,068,000.00 (made up of a loan of $10,500,000 from accumulated revenue surplus and $1,800,000 proceeds of sale of Savings Certificates, less $3,232,000 withdrawn by the Government of Newfoundland in 1946 for investment in order to pay off two Sterling loans maturing in 1950-1952).

A further part of the accumulated surplus is held in free Sterling with the Crown Agents in London, and a small part is represented by repayable advances to United Kingdom Agency Accounts. A large block of the surplus (over $5,500,-000) is held in Sterling against dollar payments made in Newfoundland to finance sales of fish to European markets in 1947. Similar arrangements are effective for financing sales in European markets of codfish caught during the present fishing season. It is too early to estimate accurately the amount of the surplus which will be involved this year, but it may be assumed that it will not exceed 3.5 million dollars. At the 31st of March, 1948, there will be held, in Sterling, interest-free loans amounting to $9,068,000, proceeds of sales of fish amounting to approximately $9,000,000 and other sterling balances amounting to over $1,-000,000. This will account for approximately $19,000,000 of the total surplus at the 31st March, 1948, which, following adjustments, including an allowance in respect of 1948-49 deficit, will, it is estimated, amount to $24,250,000 at that date.

2. Availability of Surplus

The nine million interest-free loan to the United Kingdom is repayable on demand in dollars and the Secretary of State for Commonwealth Relations stated to a Delegation of the National Convention of Newfoundland in 1947, as follows: "It is, of course, open to the Newfoundland Government, if they so desire, to withdraw the balance of the loans and to decide to what purpose they should be put."

It is assumed, therefore, that no difficulty will be experienced in securing repayment of these loans in dollars.

The amounts to the credit of Newfoundland at the Crown Agents and the balances due for advances to finance dollar expenditure in Newfoundland of United Kingdom Departments will also be available in dollars at short notice.

In the case of the Sterling proceeds of codfish sales, the position is different. The understanding with the United Kingdom respecting these transactions was

that the Sterling proceeds arising from the sales would be held against the redemption of the Sterling debt of Newfoundland. Newfoundland will be relieved of responsibility for meeting the Sterling debt, and any further interest and sinking fund payments thereon, and these funds will stand to the credit of Newfoundland but, unless special arrangements are made, will not be convertible into dollars.

It is essential, however, that the whole surplus be made available to the Provincial Government at an early date to finance the development of the Province, and to maintain and improve necessary Government services. If these amounts are not available in dollars, the Province will not be able to carry on essential services.

If the United Kingdom should be unable to make dollars available, it will be necessary for the Government of Canada to take over the portion of the Newfoundland surplus held in Sterling and make dollars available to the Province for disposition in accordance with Clause 9 of the proposed arrangements.

. . .

XXIV. EDUCATION

Clause 19 of the proposed arrangements should be redrafted to read as follows:

"19. The Legislature of the Province of Newfoundland will have exclusive authority to make laws in relation to education within the Province provided that:

The Legislature will not have any authority to make laws prejudicially affecting any right or privilege with respect to denominational or separate schools and colleges which any class of persons has by law in Newfoundland at the date of union, but the Legislature may authorize any two or more such classes of persons to amalgamate or unite their schools and for and in respect of schools so amalgamated or united to receive, notwithstanding such amalgamation or union, their proper share of the public funds of Newfoundland devoted to education."

. . .

XXVI. OLEOMARGARINE

Amendment of Clause 21 of the proposed arrangements for the entry of Newfoundland into Confederation is necessary so as to provide that Newfoundland manufacturers of oleomargarine and other substitutes for butter may immediately, and without further preliminaries, engage in interprovincial trade in the event that present Canadian legislation prohibiting the manufacture and sale of oleomargarine, etc. is (i) declared *ultra vires* by the Supreme Court of Canada or (ii) repealed by the Parliament of Canada.

As the Clause now reads, if either of these events occurs, Newfoundland would be severely prejudiced and handicapped by virtue of the fact that manufacturers in other Provinces would be permitted to manufacture and distribute interprovincially while Newfoundland manufacturers, on the other hand, would still be required to obtain Parliamentary sanction before they could do so.

It is recommended that, immediately after the phrase "except by authority of the Parliament of Canada" in lines 7 and 8 of the Clause, the following or similar words should be added:

"unless at any time hereafter, the manufacture and sale of oleomargarine and

other substitutes for butter shall have become lawful in that part of Canada other than Newfoundland."

XXVII. PROVINCIAL CONSTITUTION

It is assumed that, after union, the Lieutenant-Governor will immediately appoint a Provincial Executive to administer the Government of the Province.

As each Province, within the limits of the British North America Act, has the right to regulate its own constitution, it is suggested that the provisional Provincial Constitution of Newfoundland should be as simple as possible. It is also suggested that, in view of the fact that eight of the nine existing Provinces have unicameral legislatures, similar provision should be made, by the Articles of Union, in the case of Newfoundland, leaving the question of a second chamber entirely to the Provincial Legislature.

Provision should also be made as follows:

(i) Cap. 2 of the Newfoundland Consolidated Statutes, 1916, should be retained as amended by the Redistribution Act of 1932 and with the addition of another district to be known as Labrador.

(ii) The election of the first Provincial Legislature should be conducted under the Election Act of 1913 and amendments thereto; provision being made for the grant of the franchise to all persons over the age of twenty-one years and for the compilation of a Voters' List from the list of voters prepared for the National Referendum.

(iii) The Legislative Disabilities Act (Cap. 4 of the Consolidated Statutes, 1916) with amendments, should apply to the first Legislature, provision being made to substitute for the Ministers mentioned in Sec. 2 (1) thereof Ministers appointed to the Departments as existing under Commission of Government.

(iv) Chapters 5, 6 and 7 of the Consolidated Statutes 1916, with necessary amendments, should apply to the first Legislature.

(v) The Rules of the House of Assembly in force in 1933 should also apply to the first Legislature.

(vi) Authority should be given to the provisional Government to vote Supply to His Majesty pending the meeting of the Legislature.

(vii) The Lieutenant-Governor-in-Council should have power to effect any adaptations which may be necessary in any Statute for the purpose of efficiently conducting the first election of a Provincial Legislature, of varying the boundaries of districts for the purpose of the said first election and of administering the laws and carrying on the public business of the Province until specific provision therefor has been made by the Legislature.

These proposals are tentative and may be altered after further consideration and full examination by the legal and constitutional advisers to the Delegation.

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XXXI. CLARIFICATION OF GOVERNMENT CONTRACTS

It is important that some provision should be made to ensure that contracts entered into by or with the Government of Newfoundland will not be prejudiced or affected by union. Similar provision should also be made in cases where, before

the date of union, irrevocable commitments have been entered into by Newfoundland importers with persons, firms or corporations in countries other than Canada.

It is suggested that, to meet both situations, clauses should be inserted in the Articles of Union as follows:

(i) "Nothing in any Act of the Parliament of Canada shall in any way abridge, reduce, impair or derogate from the rights of any person, firm or corporation arising under contracts with the Government of Newfoundland.

(ii) The Government of Canada agrees that, notwithstanding any law of the Dominion of Canada prohibiting the importation into Canada of goods produced in any foreign country, importation into Newfoundland will be permitted of any goods from a foreign country in respect of which it shall be proved that, at the date of entry of Newfoundland into union, money to pay for such goods had already been irrevocably deposited in such foreign country, or virtually proved that, although such money had not been deposited in such foreign country at the date of union, the Newfoundland importer was, at the date of coming into effect of union, irrevocably bound by contract to pay such money."

A list of the Acts confirming agreements entered into by the Newfoundland Government in respect of Customs and Income Tax concessions is attached as Appendix V.[7]

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XXXV. TRADE AND INDUSTRY

It is inevitable that the entry of Newfoundland into Union will produce shocks to the Island's economy which it is admittedly the desire of all parties to the change-over to minimize.

It seems clear that, in order to facilitate the adjustment of Newfoundland to the status of a Province and to cushion the inevitable shock to the Island's economy, Canada should be prepared, for a limited period of time to abandon some conventional outlook and adopt possibly unprecedented methods of meeting Newfoundland's distinctive needs.

Canada's so-called "austerity programme" might be cited as one illustration of this point. The immediate application of this programme would work great hardship in so far as it might not be possible to import certain raw materials required by our basic and even our secondary industries as well as essential machinery and similar goods.

The imposition of new taxes, the application of a new Customs Tariff and the removal of Customs protection heretofore enjoyed will prejudicially affect many secondary industries in Newfoundland and it is possible that some of them may not be able to continue operations. The closing of a number of these industries would result in considerable loss of employment and would have a serious effect on the economy of the Province. It is considered that an adjustment period should be allowed to enable them to reorganize for operation under the new system.

Specific problems facing Newfoundland's trade and industry are described in other Sections of this Memorandum and, by way of illustration the following special pressing problems may be indicated:

(i) The position of industrial concerns which have placed orders in the United States and other countries, excluding Canada, for machinery, machine parts and raw materials, where such goods cannot reach Newfoundland until after the date of Union.

(ii) The position of industrial concerns which, throughout the probable remaining period of Canada's "austerity programme" will need to continue to place such orders in countries other than Canada.

(iii) The position of concerns which have goods in bond in Newfoundland of which they have not taken delivery before Union and the consequent hardship upon them, vis-à-vis their competitors on the mainland of Canada, if they have to pay Canadian taxes in addition to any other taxes which they have already paid.

(iv) The position of concerns which have in stock at the date of Union goods on which they have paid Newfoundland taxes, if they are also obliged to pay Canadian General Sales Tax, Excise Duty or other taxes thereon.

(v) The position of concerns which have been granted rights, still unexpired at the date of Union, to charge special depreciation upon certain capital expenditures, if these rights are not continued for the period originally granted.

(vi) The position arising by reason of loss of tariff concessions made under the Newfoundland Revenue Act on chemicals used in processing low-grade ores the extraction of which may not be economical if full tariff rates are paid.

(vii) The position of the general public with regard to the importations from the United States and other countries, of articles of common necessity which are not available in sufficient quantity or of suitable quality in Canada, such as canned milk, barrelled salt beef and barrelled salt pork.

INVESTIGATION OF EFFECT OF UNION ON LOCAL INDUSTRIES

After a careful analysis of the situation, the Newfoundland Delegation feels that the problems arising out of the effects of Union upon industries manufacturing for local consumption throughout Newfoundland are national and therefore far-reaching in character. It is felt that considerable dislocation with attendant unemployment, is inevitable during the transitionary period and the early stages of Union unless the problems have been properly anticipated and provision made to cushion the economy of the Island against the emergencies which might otherwise result if such industries are not permitted to readjust themselves gradually to the changes incident to Union.

The question necessitates thorough investigation by specialists and in the mutual interests of the Dominion generally and the Province of Newfoundland particularly, it is urged that a Committee of three experts be appointed immediately by the Federal Government to proceed to Newfoundland with all possible despatch and there consult with the organizations affected for the purpose of formulating a solution to the problems involved.

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746. 10300-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 297 St. John's, October 16, 1948

The press yesterday carried reports that in addition to Lewis Ayre, the President of the Newfoundland Board of Trade, Edgar Miller, the second Vice-President, and H. R. Brookes will proceed to Ottawa as soon as possible to consult with the Newfoundland delegation.

747. 2828-40

Extrait du Daily News de St. John's du 18 octobre 1948

Extract from St. John's Daily News of October 18, 1948

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REPORT FROM OTTAWA

By Don Jamieson

CANADA IS TAKING NO CHANCES on adding to the present anti-Confederate feeling in Newfoundland. There will be no large scale "invasion" of Newfoundland by Canadian government officials since such an influx might cause Newfoundlanders to feel that Canada is "taking over." All necessary visits by Canadian officials will be staggered so that only a few are in the island at any one time and no unnecessary publicity will be given to their arrival.

TOP SECRET is the label that might be applied to the present conference. No press releases are being issued and both Canadian and Newfoundland officials have been cautioned to keep their mouths shut in the presence of newsmen. This too is a security move to prevent, if possible, the circulation of unfavourable stories on the talks which might tend to "scuttle" the negotiations. A newsman, especially one known to have anti-Confederate sentiments, is as welcome, here in Ottawa, as a skunk at a garden party.

BABY BONUSES BEFORE INCOME TAX FORMS is the aim of the Canadian officials. The application forms for family allowances will be in the mail and the first checks received by Newfoundlanders before the less pleasant job of lining up the population for income tax purposes is undertaken. Ottawa, and certain members of the Newfoundland delegation feel that the baby bonus checks will tend to soften the resistance of Newfoundlanders to Confederation. Once the checks start arriving there will be few anti-confederates left in Newfoundland — THEY HOPE!

A HOLD-UP IN THE PAYMENT of Old Age pensions can be expected unless some method is found of circumventing the necessity of pension legislation being enacted by the Newfoundland provincial Government. As things stand at present, before the federal government will kick in with its 75% of the $30.00 a

month pension, the provincial parliament must pass an act agreeing to follow the line set down by Ottawa. Since this can't be done before we have a provincial Government some delay is inevitable. However, because of the desire to avoid any criticism a way out may be found.

CHES. CROSBIE IS THE MAN Canadian newsmen are interested in at present, because of his expressed intention to make public his disapproval if the terms are unfavourable. Crosbie can expect to be hounded by reporters during his stay here as he has what all the newspapers are looking for — color! Incidentally, certain members of the delegation never previously noted for their dislike of publicity have surprised reporters by their current reluctance to "meet the press."

CONFEDERATE PREDICTIONS that the Fisheries Ministry would go to Newfoundland are not likely to come true. British Columbia which only recently obtained the portfolio, appears determined to hang on to it. Fisheries Minister Mayhew made this statement some time ago and, from all accounts, nothing has happened to change his mind. If B.C. remains adamant another niche will have to be found for Mr. Bradley, if, that is, Ottawa agrees to give Newfoundland a ministry and if, also, Mr. Bradley can get himself elected and on the winning side!

SOCIAL NOTE. Prior commitments and minor illnesses have prevented the delegation from accepting an invitation for a week-end at Canada's swankest and most exclusive club. Certain delegates have also been forced to turn down speaking engagements because of "pressure of business," and the necessity for them to stay close to Ottawa.

NEWFOUNDLAND'S CIVIL SERVANTS whose jobs will go by the board because of Confederation will be shifted "painlessly" to new employment at no less salary than they are getting at present. Newfoundland Government heads now in Ottawa are discussing the question of employees with their Canadian counterparts and, it is expected that before March 31st the whole question of who goes where and who stays put will have been settled.

LESS EMPLOYEES IN CUSTOMS but more in the Income Tax office will be two inevitable results of Confederation, so that present customs employees may soon find themselves working for the Assessor. The change-over shouldn't be hard since they will still be taking money from Newfoundlanders. Incidentally, in certain cases at least employees will be asked whether the new job is satisfactory for them but what happens if they say "no" is another question!

COMMUNISM QUESTIONNAIRES may have to be answered by Newfoundlanders landing Federal jobs since Canada's R.C.M.P. are at present conducting extensive investigations into Communism in Canada's Civil Service. It is not known if the same will apply to Newfoundlanders working for the provincial government. Speaking of the R.C.M.P., Newfoundland Rangers, styled after the Canadian mounties may or may not become Provincial police, depending upon what the provincial Government decides. At any rate the Rangers are the province's baby, they will not be taken over by the Federal Government.

A FREE TRIP TO OTTAWA may be in the offing for some of those Newfoundlanders who get top-drawer jobs with the Federal Government. It is ex-

pected that certain Federal Civil servants will be brought to the capital to be shown the ropes and to learn Ottawa's way of doing things. On returning to the island they will be placed in administrative jobs in the Federal Departments. Certain new offices will be opened in St. John's by the Federal Government but in most cases the jobs thus created will be filled by present civil servants who will be dumped from their usual jobs. However, some new jobs may become available.

THE RAPID RESIGNATION of at least one top-ranking Newfoundland Government official can be expected if Confederation goes through; not because of political leanings but because there will be no satisfactory post for him in the new set-up. Most other department chiefs and sub-chiefs will be absorbed into the new set-up.

NEWFOUNDLAND'S SENATORS have not yet been named publicly and speculation is running rampant as to who will get these fairly well-paid jobs with little actual work attached. It's a case of "many are called but few are chosen" since unquestionably a number of Newfoundlanders have been promised the appointments which will eventually go, more than likely as a reward to those who helped along the cause of Confederation.

CANADA WAS SURPRISED at Newfoundland's decision to Confederate. When the Convention delegation left Ottawa last year many top-ranking officials predicted privately that Newfoundland would reject the idea of Federal Union. Could this mean that they agreed that the terms offered were not good enough or was it because of their lack of faith in the promoters of Confederation? Only time will tell, at any rate few were more surprised at Newfoundland's decision than was official Ottawa, despite the fact that they have long had their fingers crossed in the hope that Newfoundland would come across.

A CROSS-COUNTRY HIGHROAD for Newfoundland will not be provided by the Federal Government, nor will Ottawa build one mile of road in the island unless defence needs call for it. Roads are still a provincial responsibility but the Federal Government might be persuaded to build a trans-Newfoundland highway "for defence purposes" if the proposition was put up to Federal leaders now while they are most anxious to keep Newfoundland happy. It's definitely an outside chance however.

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748. R.A.M./Vol. 2

Mémorandum du ministre des Pêcheries au Cabinet

Memorandum from Minister of Fisheries to Cabinet

Ottawa, October 19, 1948

INTERIM REPORT ON FISHERIES

The Newfoundland delegation, accompanied by advisers, has opened discussions on fisheries matters with me. The points raised were as follows:

(1) The continuance of the Newfoundland Fisheries Board's powers in the export field with respect to the salt fish trade only (i.e. the fresh, frozen and canned fish trades would all remain outside the Board's powers).

We indicated that the powers of that Board with respect to conservation and inspection would be covered by present federal legislation; that conservation would be a direct responsibility of the federal government, and would be administered federally; that inspection would also be a federal responsibility, but that the inspectors might be seconded to the Board for an interim period. This seemed agreeable to the Newfoundland delegation.

In the salt fish export field, the powers of the Board would be continued only by agreement in the terms of union, and probably only for a limited period. The Newfoundland delegation made two requests:

(a) that salt fish export be defined to cover interprovincial as well as export; this they feel necessary to prevent evasion of the Board regulations;

(b) that these powers be given for a period of eight years. We would not agree on so extended a period, and asked them to reconsider this proposal, suggesting a shorter period, with provision for a federal review of the whole situation towards the end of that period.

(2) *Bait Service:* I agree in principle with the desirability of having the bait depots and supply vessel recognized as a federal responsibility. This service is important for the encouragement of the fisheries, and provision should perhaps be made for it in the Maritimes also. The service for both the Maritimes and Newfoundland should be integrated.

The federal government would be responsible and would administer, and would continue to pursue the present policy of trying to "break even" each year, but being ready to meet any deficit — presently about $40,000 per annum. Some capital expenditures may also be necessary.

(3) *Inland Fisheries:* We indicated to the delegation the various procedures used in different Canadian provinces, and the different federal-provincial arrangements that are possible, so that the province of Newfoundland may elect the system to be followed; it is likely that the same arrangements will be made as in Nova Scotia.

It is intended to have further meetings with the delegation this week with a view of finishing purely fishery matters.

R. W. MAYHEW

749. R.A.M./Vol. 2

Rapport du sous-comité sur les finances et la politique économique, le Comité interministériel sur Terre-Neuve

Report by Sub-Committee on Finance and Economic Policy, Interdepartmental Committee on Newfoundland

SECRET Ottawa, October 19, 1948

REPORT OF THE COMMITTEE OF OFFICIALS ESTABLISHED TO CONSIDER FORECASTS OF REVENUES AND EXPENDITURES

The Canadian officials on the Committee have received from the financial advisers to the Newfoundland Delegation an explanation of the forecasts of

provincial revenue and expenditure presented to the Canadian Government by the Newfoundland Delegation.[†] No appraisal was made of the reasonableness or adequacy of the forecasts.

The Committee reports that certain forecasts appearing in the brief may be affected by decisions of policy embodied in the final terms of union, including:

Surplus Account

(1) Table 1, Column 1, Item 16, "Income Tax, 1948" — $8,750,000. The Canadian officials draw attention to the fact that the inclusion of this item in the Newfoundland surplus is based on the assumption that 1948 income tax is entirely a provincial asset and that any adjustment designed to overcome double taxation in the first year of union, as requested by the Newfoundland Delegation, will be made at the expense of the Federal Government. No estimate of revenue from income earned in the first three months of 1949 is included in the forecast of provincial revenue in the fiscal year 1950.

(2) Table 1, Column 1, Item 21, "Working Capital Recoveries" — $4,622,-900. Each account included in this item will be subject to further examination and decision.

Revenue

(3) Table 2, Column 1, Item 11, "Subsidies in lieu of taxes rented" — $5,-112,700. This estimate for 1949-50 is based on the assumption that Newfoundland will receive only three-quarters of the annual payment under the tax-rental agreement in the first fiscal year of the agreement, as did the other provinces in the first fiscal year of the second tax-rental agreements. All estimates under this item are subject to adjustment for changes in the Gross National Product and in relative population.

Expenditure

(4) Table 3, Items 15 and 16, "Pensions, Civil Service and Railway." The Newfoundland Delegation has requested that these expenditures, insofar as they relate to former employees of services taken over by the federal government, be assumed by the federal government.

(5) Table 3, Item 9, "Fisheries." The estimates of the costs of fisheries services included in this and other items depend to some extent on the allocation of responsibilities between the federal and provincial governments.

(6) Table 3, Item 1, "Health and Hospital Care." These estimates might have to be revised in the light of more exact knowledge as to the extent of Dominion assistance, both in the field of general health and in the field of hospital construction.

The Canadian officials noted that estimates of provincial revenue include a provincial tax on gasoline and make allowance for an increase in the price of liquor. However, no estimates of revenue from other possible additional sources have been made, and the Canadian officials consider that such estimates should be made if the field of provincial revenue is to be adequately explored. Further direction is requested.

750. R.A.M./Vol. 3

Procès-verbal d'une réunion du Comité du Cabinet sur Terre-Neuve

Minutes of a Meeting of the Cabinet Committee on Newfoundland

SECRET

A meeting of the Cabinet Committee on Newfoundland was held in the Privy Council Chamber at 12 o'clock, Tuesday, October 19, 1948.

PRESENT:

The Minister of National Defence, (Mr. Claxton), in the Chair,[38]
The Minister of Finance, (Mr. Abbott),
The Minister of National Revenue, (Dr. McCann),
The Minister of Veterans Affairs, (Mr. Gregg),
The Minister of Fisheries, (Mr. Mayhew).

The Secretary (Mr. Baldwin), Privy Council Office,
The Assistant Secretary (Mr. Pelletier), Privy Council Office

ALSO PRESENT:

Parliamentary Assistant to the Secretary of State for External Affairs (Mr. Harris),
Canadian High Commissioner in Newfoundland (Mr. Burchell),
Deputy Minister of Fisheries (Mr. Bates),
Deputy Minister of Transport, (Mr. Lessard),
Mr. M.W. Sharp, Department of Finance,
Mr. A.B. Hockin, Department of Finance,
Mr. C. Stein, Department of Justice,
Mr. A. Skelton, Department of Trade and Commerce,
Mr. J.E. Howes, Bank of Canada,
Mr. J. Coyne, Bank of Canada

ALSO IN ATTENDANCE FOR ITEMS RELATED TO THEIR DEPARTMENTS:

Mr. A.H. Brown, Department of Labour,
Dr. E.P. Laberge, Department of Labour,
Mr. R.G. Barclay, Department of Labour,
Dr. H.A. Ansley, Department of National Health and Welfare,
Mr. J.A. Blais, Department of National Health and Welfare,
Mr. G.H. Josie, Department of National Health and Welfare,

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[38] L. S. St. Laurent s'était rendu à Londres pour remplacer Mackenzie King, qui était malade, à la conférence des premiers ministres du Commonwealth.

[38] L. S. St. Laurent was then in London to replace Mackenzie King, who was ill, at the Conference of Commonwealth Prime Ministers.

1. THE CHAIRMAN referred to the brief submitted by the Newfoundland delegation and reported that a number of answers to questions raised in that brief had been received from departments and committees concerned.

Copies of this material were circulated.

(Secretary's Note† and accompanying documents, October 19, 1948).

2. THE COMMITTEE, after considerable discussion, agreed:

(a) that the report of the Sub-Committee on Financial and Economic Policy dealing with the financial position of the province[39] be submitted at the next joint meeting with the Newfoundland delegation but that it be indicated at that time that the Canadian representatives were not yet in a position to discuss this matter;

(b) that the reports on the following subjects, revised in the light of discussion, be submitted at the next meeting with the Newfoundland delegation:

(1) family allowances,
(2) radio broadcasting system,
(3) unemployment insurance,
(4) defence establishment,
(5) public health services,
(6) enrichment of flour and oleomargarine,
(7) cottage hospitals and T.B. sanatoria,
(8) marine hospitals.

The meeting adjourned at 1.30 p.m.

J. R. BALDWIN

751. B.C./Vol. 119

Extraits du procès-verbal d'une réunion entre le Comité du Cabinet et la délégation de Terre-Neuve

Extracts from Minutes of a Meeting between Cabinet Committee and Delegation of Newfoundland

SECRET

MINUTES OF A MEETING OF THE CABINET COMMITTEE AND THE NEWFOUNDLAND DELEGATION HELD IN ROOM 497, PARLIAMENT BUILDINGS, ON TUESDAY, OCTOBER 19TH, 1948, AT 4 P.M.

PRESENT:[40]

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[39]Voir le document précédent.

[40]St. Laurent et Pearson étaient absents. C. A. Crosbie avait rejoint la délégation à Ottawa.

[39]See preceding document.

[40]St. Laurent and Pearson were absent. C. A. Crosbie had arrived in Ottawa.

ALSO PRESENT:

Mr. C.J. Burchell, Canadian High Commissioner in Newfoundland.
Mr. J.C. Lessard, Deputy Minister of Transport.
Mr. J. Howes, Bank of Canada.
Mr. R.A. MacKay, Dept. of External Affairs.
Mr. H.R. Horne, Dept. of External Affairs.
Mr. M.W. Sharp, Dept. of Finance.
Mr. A.B. Hockin, Dept. of Finance.
Mr. C. Stein, Dept. of Justice.
Mr. E.A. Driedger, Dept. of Justice.
Mr. A.H. Brown, Department of Labour.
Mr. R.G. Barclay, Dept. of Labour (U.I.C.).
Dr. E.P. Laberge, Dept. of Labour (U.I.C.).
Dr. H.A. Ansley, Dept. of National Health and Welfare (Health).
Mr. G.H. Josie, Dept. of National Health and Welfare (Health).
Mr. J.A. Blais, Dept. of National Health and Welfare (Welfare).
Mr. Alex Skelton, Dept. of Trade and Commerce.

Dean V. MacDonald
Mr. W.M. Marshall, Secretary for Finance.
Mr. H.G. Puddester, Secretary for Justice.
Mr. J.C. Thompson
Mr. G.W.D. Allen, Assessor of Taxes.
Mr. F.G. Howell, Secretary for Customs.

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II. NEWFOUNDLAND BRIEF — REPORTS

3. THE CHAIRMAN stated that following the decision at the meeting on October 13th, statements on certain sections of the delegation's brief had been prepared as follows:

I. Financial Position of the Province (Report of sub-committee on Finance and Economic Policy)
V. Family Allowances
VI. Sick Mariners Benefits for Merchant Seamen and Fishermen
VII. Marine Hospitals
XIII. Radio Broadcasting System
XXIII. Unemployment Insurance
XXV. Defence Establishment
XXVIII. Public Health Services
XL. Enrichment of Flour and Oleomargarine
(Memorandum October 19th and attached documents)

MR. CLAXTON suggested that the report of the sub-committee on Finance and Economic Policy on Newfoundland's provincial budget would require further study by the Canadian Cabinet Committee and that, in the circumstances, consideration might be deferred to a later date. The remaining statements were read.

4. THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION referring to paragraph two of the statement on broadcasting enquired whether the Canadian Broadcasting Corporation in arranging educational and informative programmes for provincial governments made free time available or charged for the time allotted.

5. MR. WALSH, referring to the report of Sick Mariners Benefits for Merchant Seamen and Fishermen, pointed out that there did not exist any overall provincial health insurance schemes in Newfoundland but that on payment of certain fees certain benefits were made available.

6. MR. WALSH, in connection with the report on the enrichment of flour, said that all flour presently sold in Newfoundland was fortified by the addition of vitamins on medical recommendation, and suggested that this question be studied further.

7. THE MEETING noted the reports submitted and agreed,

(a) that consideration of the report on the Financial Position of the Province be deferred;

(b) that the other reports would be taken under consideration by the Newfoundland delegation;

(c) that the Canadian Broadcasting Corporation be requested to furnish further information on the granting of free time as indicated;

(d) that further consideration be given by the Canadian Cabinet Committee to the question of enrichment of flour in Newfoundland.

III. CIVIL AVIATION

8. MR. CLAXTON said that a report on Civil Aviation (section XI of the Newfoundland brief) had been prepared and although copies were not available for distribution, the Minister of Trade and Commerce was prepared to submit a verbal report.

9. MR. HOWE read a statement on Civil Aviation.

(Report on Civil Aviation, October 19th, 1948, copy attached).†

10. THE MEETING noted this report, for consideration by the Newfoundland delegation.

IV. REPRESENTATIVES OF NEWFOUNDLAND BOARD OF TRADE

11. MR. WALSH stated that the president and two members of the Newfoundland Board of Trade were at present in Ottawa and that the delegation would appreciate any courtesy that might be extended by the Cabinet Committee and government departments.[40a]

12. MR. CLAXTON said that the Canadian government would be pleased to furnish the three members of the Board of Trade with any information they

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[40a] Voir le document 1046. [40a] See Document 1046.

might require and that, to this end, meetings might be arranged with the Minister of Trade and Commerce and the Minister of Finance.

13. THE MEETING, after discussion, agreed that the Secretary of the Newfoundland delegation might arrange a meeting with the Minister of Trade and Commerce and the Minister of Finance.

V. EFFECT OF UNION ON LOCAL INDUSTRIES IN NEWFOUNDLAND

14. MR. WALSH, referring to a suggestion set forth in the delegation's brief (section XXXV) that the Canadian government appoint a team of experts to investigate the possible effects of union on Newfoundland's local industries, enquired whether any steps were being taken to implement this suggestion.

15. MR. SKELTON stated that the delegation's suggestion had met with favour in the Department of Trade and Commerce and that the Economic Research Division were at the moment engaged in gathering necessary preliminary data.

16. THE MEETING noted Mr. Skelton's report.

. . .

752. R.A.M./Vol. 3

Procès-verbal d'une réunion du Comité du Cabinet sur Terre-Neuve

Minutes of a Meeting of the Cabinet Committee on Newfoundland

SECRET

A meeting of the Cabinet Committee on Newfoundland was held in the Privy Council Chamber at 2.30 p.m., Wednesday, October 20th, 1948.

PRESENT:[41]

. . .

ALSO PRESENT:

Mr. M.W. Sharp, Department of Finance
Mr. A.B. Hockin, Department of Finance
Mr. J.E. Coyne, Bank of Canada,
Mr. J. Howes, Bank of Canada,
Mr. B.G. McIntyre, Comptroller of the Treasury,
Mr. W.T. Wilson, Emergency Import Control Div. (Finance)
Mr. R.A. MacKay, Department of External Affairs,
Mr. P.L. Young, Department of National Revenue,
Mr. W.B. Stuart, Department of National Revenue,
Mr. C.H. Cotter, Department of National Revenue (Taxation)
Mr. J.G. McEntyre, Department of National Revenue (Taxation)

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[41]St. Laurent, Howe, Mayhew et Pearson étaient absents.

[41]St. Laurent, Howe, Mayhew and Pearson were absent.

Mr. Alex Skelton, Department of Trade and Commerce,
Dr. C.M. Isbister, Department of Trade and Commerce,
Mr. G.A. Newman, Department of Trade and Commerce

I. NEWFOUNDLAND — FORECASTS OF REVENUES AND EXPENDITURES

1. THE CHAIRMAN, referring to the minutes of October 19th, stated that the sub-committee on Finance and Economic Policy had requested direction on the policy to be adopted in the examination of the forecasts of revenues and expenditures submitted by the Newfoundland delegation and on the procedure to be followed in dealing with this problem.

2. MR. ABBOTT suggested that the Chairman of the sub-committee on Finance and Economic Policy (Mr. Sharp) might briefly outline the question to be decided.

3. MR. SHARP stated that in the course of examining the estimated provincial budget submitted by the Newfoundland delegation, the sub-committee had come to the conclusion that it could not proceed without direction from the Cabinet Committee on certain points. These points were:

(a) should Canadian officials make an appraisal of the estimated provincial expenditures submitted by the delegation?

(b) should Canadian officials analyze the estimated provincial revenues submitted?

(c) if and when appraisals as outlined in (a) and (b) above were made, should the Canadian government suggest to the delegation that the new province might establish certain specific forms of taxation (entertainment taxes, sales taxes, etc.) in order to balance its budget?

MR. SHARP added that after examining the forecasts submitted by the delegation, it would appear that expenditures might be reduced to a limited extent but that in any event a deficit of $6,000,000 or $7,000,000 would probably still remain.

4. THE COMMITTEE, after considerable discussion, agreed that the sub-committee on Finance and Economic Policy should make a detailed appraisal of the estimated revenues and expenditures submitted by the delegation and should submit a complete report of its findings to the Cabinet Committee as soon as possible.

It was also agreed that, if approved by the Cabinet Committee, this analysis might then be submitted to the Newfoundland delegation. This procedure would probably clear the way for discussion of possible additional sources of provincial revenue but it was not felt that the Canadian government should take the initiative in offering suggestions in this connection.

PAUL PELLETIER

753. DF/Vol. 783

Rapport sur une réunion conjointe du Comité du Cabinet sur Terre-Neuve et le sous-comité sur les finances et la politique économique, le Comité interministériel sur Terre-Neuve[42]

Report on Joint Meeting of Cabinet Committee on Newfoundland and Sub-Committee on Finance and Economic Policy, Interdepartmental Committee on Newfoundland[42]

SECRET Ottawa, October 21, 1948

Mr. Sharp explained the various matters covered in the "Report of the Committee of Officials Established to Consider Forecasts of Revenues and Expenditures." He pointed out that there were three problems requiring decision by Cabinet:

(1) Whether the Canadian officials should make a complete appraisal of probable provincial revenues and expenditures.

(2) What policy the Canadian Government should follow in discussing these estimates with the Newfoundland delegation.

(3) Should the Newfoundland delegation be asked to submit estimates of revenue from other additional sources not covered in their brief.

After some discussion it was decided that the Canadian officials should make a complete appraisal of both provincial revenues and expenditures including revenue from other additional sources. The report on this study should be made to the Cabinet Committee by the middle of next week. Decisions on the other two questions would be made after this study had been completed. The Canadian replies to various financial questions raised by the Newfoundland delegation should be given at one time in order to maintain a strong bargaining position.

754. R.A.M./Vol. 4

Extraits d'une lettre du chef, la direction du Commonwealth britannique au haut commissaire par intérim à Terre-Neuve

Extracts from Letter from Head, British Commonwealth Division, to Acting High Commissioner in Newfoundland

PERSONAL. SECRET. Ottawa, October 21, 1948

Dear Paul [Bridle],

. . .

A second plenary meeting[43] was held on Tuesday afternoon, when answers to a number of minor questions, such as broadcasting, defence forces, enrichment of

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[42]Cette réunion a eu lieu lors de la réunion du Comité du Cabinet le 20 octobre. Voir le document précédent.

[43]En réalité, la troisième.

[42]This meeting took place during the Cabinet Committee meeting of October 20. See preceding document.

[43]In fact, the third.

oleomargarine and flour with vitamins, etcetera, were given to the Newfoundland delegation. They did not have an opportunity of seeing our answers in advance and, consequently, there was little discussion thereon, but, on the whole, our answers satisfied them and at least gave them the impression that we were prepared to be conciliatory and as far as possible meet their special needs.

Mr. Claxton was in the chair and conducted the meeting in a most conciliatory way. The request of the Newfoundland delegation that members of the Board of Trade might meet officials of Trade and Commerce was voluntarily enlarged by Mr. Howe, who said that he would be glad to meet them personally with his officials. There was also some discussion, at the Newfoundland request, about a party going down to investigate the position of small industries. Skelton's division in Trade and Commerce has given special consideration to this and they will meet with Winter and members of the Board of Trade before going down. We shall probably see to it that the public is informed that the visit is at the request of the Newfoundland delegation. You will be advised about the visit.

Some progress has been made in the matter of procedure through a sub-committee, of which Walter Harris, Parliamentary Assistant to the Secretary of State for External Affairs, is, in effect, chairman. The general trend of opinion seems to be that the most satisfactory procedure would be to have an agreement signed by members of the Cabinet Committee and the Newfoundland delegation, approved on our side by statute, and on the side of Newfoundland by the Commission of Government and a statute of the United Kingdom Parliament. Ratification by the Canadian Parliament might be in the form of a statute or in the form of a resolution to Parliament, requesting the United Kingdom to pass legislation. The Newfoundlanders seem to be relatively happy about procedure along this line.

Progress has also been made in the field of Fisheries. The Newfoundland proposal was for the Dominion to permit the Board to operate for a period of eight years and for Newfoundland to continue operation of bait depots and Fisheries Administration, subject to compensation by the Dominion. Our Department of Fisheries is agreed to take over the bait depots and to continue the Board for a period of two years, the Board to be a federal Board operating under the Ministry of Fisheries. The Newfoundland delegation are reconsidering their request for an eight-year period; possibly we can meet them somewhere in between the eight and two years.

With respect to Veterans Affairs, the Newfoundland delegation asked that representatives of GWVA[44] be permitted to sit in with the Canadian Department to reconsider the section on Veterans benefits. They also requested that Newfoundland veterans should be entitled to re-establishment grants on the same basis as Canadian veterans. This was not included in the "Terms" of last year, but I think it is possible that the Veterans committee will recommend it. The Department of Veterans Affairs has readily consented to representatives of the Newfoundland GWVA sitting in and, indeed, is contemplating paying their

[44]Great War Veterans Association.

expenses. I gather that representatives of the Canadian GWVA and Canadian Legion are also sitting in. So, on the whole, it seems to be a rather happy family party.

There still remains a great gap in Finances, and unless something is done to fill it in part or enable Newfoundland as a province to fill it, there is, I think, grave doubt whether the majority of the Newfoundland delegation will sign the "Terms." Although our friend W. C. Clark may put up a pretty stiff fight, I sense some disposition at the top to improve the terms, at least a little. I have made the suggestion at the official level that Newfoundland be empowered to levy a sales tax at other than retail levels for an interim period. This would greatly facilitate the collection of revenue.

. . .

Yours sincerely,

R. A. MacKay

755. R.A.M./Vol. 3

Procès-verbal d'une réunion du Comité du Cabinet sur Terre-Neuve

Minutes of a Meeting of the Cabinet Committee on Newfoundland

Secret

A meeting of the Cabinet Committee on Newfoundland was held in the Privy Council Chamber on Tuesday, October 26th, 1948, at 4.30 p.m.

PRESENT:[45]

. . .

ALSO PRESENT:

The Parliamentary Assistant to the Secretary of State for External Affairs, (Mr. Harris),

The Canadian High Commissioner in Newfoundland, (Mr. Burchell),

Mr. R.A. MacKay, Department of External Affairs, Chairman,
Interdepartmental Steering Committee,

Mr. C. Stein, Department of Justice,

Mr. E.A. Driedger, Department of Justice

[45]Pearson était absent. En effet, il avait été absent lors des autres réunions à cause de la campagne électorale en vue de l'élection complémentaire du 25 octobre. Une fois élu, il s'est rendu à Paris afin de participer à la session de l'Assemblée générale des Nations Unies et n'a donc pas participé aux réunions subséquentes.

[45]Pearson was absent. In fact, he was not present at any of the meetings because of the election campaign for the October 25 by-election. Once elected, he left for Paris in order to attend the session of the General Assembly of the United Nations and he therefore did not participate in the remaining meetings.

I. ORGANIZATION OF PREPARATORY WORK IN NEWFOUNDLAND

1. THE CHAIRMAN OF THE INTERDEPARTMENTAL STEERING COMMITTEE pointed out that certain departments or agencies would find it necessary to establish staffs and offices in Newfoundland at an early date if they were to commence operations promptly after the effective date of union.

The Family Allowance Division of the Department of National Health and Welfare was a good example, since registration of children would be required well in advance of union.

The Steering Committee had felt that it might be undesirable to establish permanent staffs or offices in Newfoundland until a reasonable certainty existed that the present negotiations with the Newfoundland delegation would be successfully completed. Accordingly it was suggested:

(1) that departments or agencies which found it necessary to establish offices or staffs in Newfoundland before union should be authorized to make the necessary plans for this establishment and that departments or agencies wishing to train staffs taken over be authorized to proceed with plans for this training; but

(2) that the actual establishment of offices, staffs or training of personnel in this connection should not be initiated until present negotiations had proceeded somewhat farther and authorization had been granted by the Chairman of the Cabinet Committee.[46]

(External Affairs memorandum, undated).

2. THE COMMITTEE, after discussion, approved the proposals submitted by the Chairman of the Steering Committee.

II. REPORT OF LEGAL SUB-COMMITTEE

3. MR. STEIN submitted a report on certain matters raised by the Newfoundland brief and referred for consideration by the Interdepartmental Sub-Committee on Law and Procedure.[47]

Copies of this report were circulated.

(Report of Sub-Committee, undated).

4. THE COMMITTEE, after discussion:

(a) agreed on the nature of the reply to be given to the Newfoundland delegation on the following subjects dealt with in the Sub-Committee report:

(1) Item III — Constitutional and legal matters;

(2) Item IV — Labrador boundary;

(3) Item XVI — Superior and county courts;

(4) Item XXIV — Education;

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[46] Voir le document 1091.

[47] Comparez avec le paragraphe 5(b) du document 745 et le paragraphe 6 du document 757.

[46] See Document 1091.

[47] Compare with paragraph 5(b) of Document 745 and paragraph 6 of Document 757.

and, (b) agreed that the remaining matters dealt with in the Sub-Committee report be considered further at a meeting to be held at 3:00 p.m. the following day.

J. R. BALDWIN

[PIÈCE JOINTE/ENCLOSURE]

R.A.M./Vol. 2

Extraits d'un rapport du sous-comité sur la loi et la procédure, le Comité interministériel sur Terre-Neuve

Extracts from Report by Sub-Committee on Law and Procedure, Interdepartmental Committee on Newfoundland

SECRET

REPORT OF SUB-COMMITTEE ON LAW AND PROCEDURE ON ITEMS III, IV, XVI, XXIV, XXVI, XXVII, XXXI, XXXIII AND XXXVI OF THE MEMORANDUM DATED OCTOBER, 1948, AND SUBMITTED BY THE NEWFOUNDLAND DELEGATION

ITEM III

CONSTITUTIONAL AND LEGAL MATTERS

1. *Instruments of Union*

The procedure proposed by the Newfoundland delegation for effecting Union is as follows:

That the proposed Terms of Union as settled at the present conference by the Canadian Cabinet Committee and the Newfoundland delegation be submitted to the Government of Canada and, if acceptable, to be confirmed by an Act of the Parliament of Canada; that the proposed Terms be reported, with recommendation for adoption by the Newfoundland delegation to the Governor in Commission, which will approve and report the same to the United Kingdom Government as the terms acceptable to the delegation and will recommend that they be brought into effect by a United Kingdom statute (e.g., British North America Act, 1948) which shall also enact provisions for the interim government of Newfoundland until the holding of the first assembly; the instrument to contain provision for the continuance of all Newfoundland laws, commissions, etc., until amended or repealed by the appropriate authority. Subject to Cabinet approval of the policy, this proposal is acceptable to the Sub-Committee.

2. *Continuation of Laws*

The Sub-Committee has agreed on the following clauses for insertion in the Terms of Union:

"(1) Except as otherwise provided by this Agreement, all laws and all orders and regulations made thereunder in force in Newfoundland at the date of Union shall continue therein as if the Union had not been made, subject nevertheless to be repealed, revoked or amended by the Parliament of Canada or by the Legisla-

ture of Newfoundland according to the authority of the Parliament or of the Legislature under the British North America Acts, 1867 and 1946.

(2) Acts of the Parliament of Canada in force at the date of Union shall come into force in Newfoundland only on a day or days to be fixed by proclamation of the Governor General in Council issued from time to time, and any such proclamation may provide for the repeal in whole or in part of any of the laws of Newfoundland that could be repealed by the Parliament of Canada under subclause one of this clause.

(3) Notwithstanding anything in this Agreement, the Parliament of Canada may with the consent of the Legislature of Newfoundland repeal any law in force in Newfoundland at the date of Union.

(4) Except as otherwise provided by this Agreement, all courts of civil and criminal jurisdiction and all legal commissions, powers, authorities and functions, and all officers and functionaries, judicial, administrative and ministerial, existing in Newfoundland at the date of Union, shall continue in Newfoundland, as if the Union had not been made, until altered, abolished, revoked, terminated or dismissed by the appropriate authority under the British North America Acts, 1867 to 1946."

The Newfoundland delegation suggests that by some written instrument outside the Terms of Union the Government of Canada should give some assurance that they will consult with the Government of the Province of Newfoundland before any federal Acts are brought into force in Newfoundland by proclamation and before any of the laws of Newfoundland are repealed by proclamation, and that this instrument should outline the procedure to be followed in effecting such consultation. The delegation does not suggest that there should necessarily be agreement between the two governments before laws are introduced or repealed by proclamation.

3. *Provincial Constitution*

This is dealt with specially under Item XXVII of the Newfoundland Delegation Memorandum.

ITEM IV

LABRADOR BOUNDARY

The Sub-Committee has agreed on the following definition of the boundary of the new province, to be inserted in the Terms of Union, namely

"The province of Newfoundland shall have the same limits as at the date of Union, that is to say, the island of Newfoundland and the islands adjacent thereto, and the Coast of Labrador from a line drawn due North from the eastern boundary of the bay or harbour of Anse Sablon as far as the Fifty-second Degree of North Latitude, and from thence westward along that parallel until it reaches the Romaine River and then northward along the left or east bank of that river and its headwaters to their source and from thence due north to the crest of the watershed or height of land there and from thence westward and northward along the crest of the watershed of the rivers flowing into the Atlantic Ocean until it reaches Cape Chidley, and all the islands adjacent to that part of the said Coast of Labrador."

ITEM XXIV

EDUCATION

The proposed clause, which modifies section 93 of the B.N.A. Act, was approved in principle, subject to minor drafting alterations to be suggested later by the Newfoundland delegation.

ITEM XXVI

OLEOMARGARINE

The Sub-Committee has agreed on the following clause for insertion in the Terms of Union, namely

"Oleomargarine and other substitutes for butter may be manufactured and sold in Newfoundland after the Union unless prohibited or restricted by the Parliament of Canada at the request of the Legislature of Newfoundland, but nothing in this clause shall affect any power of the Parliament of Canada to regulate or prohibit the interprovincial movement of oleomargarine or any other substitute for butter."

The Deputy Minister of Justice suggests an alternative as follows:

"Oleomargarine or margarine may be manufactured and sold in Newfoundland after the Union and Parliament shall not prohibit or restrict such manufacture or sale except at the request of the Legislature of Newfoundland, but nothing in this clause shall affect any power of Parliament to regulate or prohibit the interprovincial movement of oleomargarine or margarine or to require compliance with standards of quality applicable throughout Canada."

ITEM XXVII

PROVINCIAL CONSTITUTION

The views of the Newfoundland delegation are as follows:

"The Terms of Union to provide (and where necessary the U.K. statute of Union to enact):

(a) That the Governor General shall appoint a Lieutenant-Governor for the Province of Newfoundland to hold office from the date of Union with power to appoint the Executive Council.

(b) That the constitution of the Executive Authority and of the Legislature of Newfoundland as same existed prior to the Newfoundland Act of 1933, shall be revived and have full effect at the date of Union, except as to the Legislative Council, and to continue.

(c) The Lieutenant-Governor shall be deemed to continue to have and enjoy all prerogative powers, functions, authorities and privileges vested in the Governor of Newfoundland prior to the Act of 1933 and within the provincial sphere.

(d) All legislation in force in Newfoundland prior to the Act of 1933 and pertaining to the House of Assembly and the qualifications and election of members thereto etc., shall apply to the election of members to the Assembly as from the date of Union and until otherwise provided by the Legislature of Newfoundland; provided that the franchise shall be extended to include women between the ages of 21 and 25 years, and provided that the residents of the Coast of Labrador having the qualifications required of residents of the Island shall be entitled to

vote in the election for one member of the House of Assembly. The above to include specific reference to the particular statutes concerned.

(e) The Lieutenant-Governor-in-Council to be authorized to conduct the executive government of the Province pending the meeting of the first House of Assembly, and to have power to make laws until otherwise provided by the Legislature, including,

1. To make new laws or to amend any existing laws pertaining to the House of Assembly and the qualifications and election of members thereto, etc., and which are necessary to provide for the first meeting of the Legislature.

2. To vote supply for the public purposes of the Province until specific provision therefor has been made by the Legislature."

These views are acceptable to the Sub-Committee and it was agreed that the drafting of the clauses necessary to give effect to these proposals be deferred until approval of the policy. Particular attention is drawn to the question of the extent of the interim legislative power of the executive.

. . .

756. R.A.M./Vol. 3

Procès-verbal d'une réunion du Comité du Cabinet sur Terre-Neuve[48]

Minutes of a Meeting of the Cabinet Committee on Newfoundland[48]

SECRET

A meeting of the Cabinet Committee on Newfoundland was held in Room 401, House of Commons, at 3 p.m., Wednesday, October 27th, 1948.

PRESENT:[49]

. . .

ALSO PRESENT:

Mr. W.E. Harris, Parliamentary Assistant to the Secretary of State for External Affairs,
Mr. C.J. Burchell, Canadian High Commissioner in Newfoundland,
Mr. F.P. Varcoe, Deputy Minister of Justice,
Mr. R.A. MacKay, Department of External Affairs,
Mr. E.R. Hopkins, Department of External Affairs,
Mr. C. Stein, Department of Justice,
Mr. E.A. Driedger, Department of Justice.

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[48]Le Comité du Cabinet s'est réuni juste avant une réunion avec la délégation de Terre-Neuve. Voir le document suivant.

[49]Abbott et Gregg étaient absents.

[48]The Cabinet Committee met just before meeting the Delegation of Newfoundland. See following document.

[49]Abbott and Gregg were absent.

I. REPORT OF LEGAL SUB-COMMITTEE

1. The Acting Prime Minister suggested that consideration be given to those items of the report of the Legal sub-committee which had not been dealt with at the meeting on the previous day.

(Report of the sub-committee on Law and Procedure undated).

2. The Committee, after discussion, agreed on the nature of the reply to be given to the Newfoundland delegation on the following matters dealt with in the Legal sub-committee's report:

Item XXVI — Oleomargarine

Item XXVII — Provincial Constitution

Item XXXIII — Contractual Provisions for Employment of Newfoundland Workmen

Item XXXVI — Trade Marks and Patents — Newfoundland Companies

II. MISCELLANEOUS REPORTS ON NEWFOUNDLAND BRIEF

3. The Committee also agreed that reports submitted by the Department of External Affairs and the sub-committee on Transportation and Communications on the questions set out hereunder should be given to the Newfoundland delegation:

Item XVII — Public Harbours

Item XXXII — Canada Shipping Act

(Reports, undated, from the sub-committee on Transportation and Communications).†

Item XLI — Passports

(Letter, October 21st, 1948, from the Acting Under-Secretary of State for External Affairs).†

J. R. Baldwin

757. B.C./Vol. 119

Procès-verbal d'une réunion entre le Comité du Cabinet et la délégation de Terre-Neuve

Minutes of a Meeting between Cabinet Committee and Delegation of Newfoundland

Secret

MINUTES OF A MEETING OF THE CABINET COMMITTEE AND THE NEWFOUNDLAND DELEGATION HELD IN ROOM 16, PARLIAMENT BUILDINGS, ON WEDNESDAY, OCTOBER 27TH, 1948, AT 3.00 P.M.

PRESENT:[50]

. . .

[50] Abbott était absent.

[50] Abbott was absent.

ALSO PRESENT:

Mr. C.J. Burchell, Canadian High Commissioner in Newfoundland.
Mr. W.E. Harris, Parliamentary Assistant to the Secretary of State for External Affairs.
Mr. F.P. Varcoe, Deputy Minister of Justice.
Mr. R.A. MacKay, Dept. of External Affairs
Mr. E.R. Hopkins, Dept. of External Affairs
Mr. M.W. Sharp, Dept. of Finance
Mr. A.B. Hockin, Dept. of Finance
Mr. C. Stein, Dept. of Justice
Mr. E.A. Driedger, Dept. of Justice

Dean V. MacDonald
Mr. W.M. Marshall, Secretary for Finance.
Mr. H.G. Puddester, Secretary for Justice.
Mr. J.C. Thompson,
Mr. G.W.D. Allen, Assessor of Taxes,
Mr. J.G. Howell, Secretary for Customs.

I. BROADCASTING

1. THE ACTING PRIME MINISTER, referring to a question raised by the Chairman of the Newfoundland delegation at the meeting of October 19th, reported that the Canadian Broadcasting Corporation normally made no charge for time allotted in connection with educational and informative programmes arranged on behalf of provincial governments.

(Secretary's Memorandum, October 25th).[†]

2. THE MEETING noted this report.

II. SUBMISSION OF FURTHER GENERAL STATEMENTS; HARBOURS, SHIPPING, PASSPORTS

3. THE ACTING PRIME MINISTER stated that certain additional statements on questions contained in the Newfoundland brief had been prepared and were ready for circulation. These covered:

Item XVII — Public harbours,

Item XXXII — Canada Shipping Act,

Item XLI — Passports.

Copies of these statements were circulated at the meeting.[†]

4. MR. ST. LAURENT, referring to passports, pointed out that the fee for renewal of a Canadian passport was less than the fee for original issuance; probably arrangements could be made that any resident of Newfoundland, after Confederation, holding a passport which would otherwise have been renewable, could obtain a Canadian passport on payment merely of the Canadian renewal fee.

5. THE MEETING noted the statements submitted for consideration by the Newfoundland delegation.

III. REPORT OF LEGAL SUB-COMMITTEE

6. THE ACTING PRIME MINISTER pointed out that a number of matters raised in the Newfoundland brief had been referred for consideration to a Sub-Committee on Legal procedure.

The Canadian members of this sub-committee had reported to the Cabinet Committee which was now in a position to submit statements in writing and orally, on the various points referred to the sub-committee.

Written statements had been prepared on the following items from the Newfoundland brief.[†]

Item III — Constitutional and Legal Matters

(1) Instruments of Union (2) Continuation of Laws.

Item XVI — Superior and County Courts

Item XXIV — Education

Copies of these reports were circulated.

7. MR. ST. LAURENT, referring to the statement on continuation of laws, pointed out that a suggestion had been made regarding a formal commitment for consultation between the federal and provincial governments in regard to the bringing into force of any federal statutes by the federal government.

A written guarantee of this sort presented very serious difficulties both as regards precedent and the problems of administration which would be raised thereby. The federal government would, however, be quite willing to consult with the appropriate Newfoundland authorities with regard to the timing of the application of federal statutes or the timing of the withdrawal of provincial statutes, where the provincial authorities felt that serious problems were involved requiring consultation with the federal authorities. This could be a matter for specific discussion between the appropriate representatives of the two governments from time to time, starting immediately, without any written statement being required.

8. THE MEETING noted the statements submitted and the comments thereon for consideration by the Newfoundland delegation.

Item IV — Labrador boundary

9. THE ACTING PRIME MINISTER, referring to the proposal in the Newfoundland brief regarding the Labrador boundary, stated that while the Government of Canada would certainly not be disposed to dispute the existing boundaries and would take them as they are, any reference to boundaries in the terms of union should be along the lines of the reference in Clause 2 of the Proposed Arrangements of October 29th, 1947, rather than a specific and detailed description of the boundary.

Item XXVI — Oleomargarine

10. MR. ST. LAURENT, commenting upon the proposal in the Newfoundland brief relating to oleomargarine, stated that the federal government would wish to satisfy the intent underlying the Newfoundland proposal, namely that Newfoundland would receive the full benefit of any changes which might occur in other provinces in this matter.

The manner in which this position could best be expressed in the terms of union was a matter requiring further consideration.

Item XXVII — Provincial Constitution

11. MR. ST. LAURENT, referring to the section in the Newfoundland brief dealing with a provincial constitution, pointed out that the Canadian members of the sub-committee had reported on the type of organization which apparently the Newfoundland representatives had in mind in this connection; this raised certain questions relating to the powers to be exercised by the provincial Lieutenant-Governor or Executive in the period between the date of union and the first meeting of a provincial legislature.

12. THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION explained that it would be necessary for the Lieutenant-Governor during such a period to be in a position to vote supply and make such adaptation of existing laws and practices as might be necessary for the carrying on of public business during that period.

In the light of the Acting Prime Minister's comments, however, the position with regard to arrangements during this interim period would be further reviewed with a view to finding a formula which would reduce any possibility of public criticism to a minimum, yet provide the basic machinery necessary for administration during that period.

Item XXXIII — Contractual provisions for employment of Newfoundland Workmen

13. MR. ST. LAURENT, referring to the request of the Newfoundland delegation for some assurances regarding the protection of existing contractual provisions for employment of Newfoundland workmen, pointed out that while the federal government might be relied on to do its best to satisfy the wishes of Newfoundland in this matter, the government did not have jurisdiction in this matter over private industry and in any case would find it difficult to offer any written guarantee of the sort suggested. It might be assumed, however, that federal authority would not be exercised in a fashion designed to interfere with arrangements regarding employment which might exist at the time of union between the government of Newfoundland and private companies.

Consideration might be given to a statement either in the terms of union or supplementary to it, that union would not relieve any person having a concession from the Government of Newfoundland from any obligation assumed in connection with this concession.

14. THE MINISTER OF NATIONAL DEFENCE pointed out that the Canadian government would not be disposed to interfere with any arrangements already made in this connection in relation to Goose Bay or other Canadian defence installations.

Item XXXVI — Trademarks and Patents

15. MR. ST. LAURENT reported that a statement had been prepared on trademarks and patents.† Copies of this statement would be circulated with the minutes.

The arrangements proposed in regard to trademarks and patents would apply in the case of pending applications as well.

Private Companies

16. MR. ST. LAURENT drew attention to the fact that the Legal Sub-Committee had discussed certain matters relating to the status of companies in Newfoundland and the proposal that a statement be included in the terms of union authorizing Newfoundland companies to exercise present powers for a transitional period, notwithstanding any federal statutes. In fact it did not appear that such a clause would be necessary in the terms of union since the powers of companies presently operating in Newfoundland would not be interfered with.

Citizenship

17. MR. MACDONALD stated that provision should be made that residents of Newfoundland, prior to union, would be considered as residents of Canada for the purpose of Canadian laws relating to naturalization and citizenship.

18. MR. ST. LAURENT reported that such would be the intention of the Canadian government.

19. THE MEETING, after discussion, noted the reports submitted and comments thereon, for consideration by the Newfoundland delegation.

J. R. BALDWIN

758. PCO-CRF

Mémorandum du secrétaire, le Comité du Cabinet sur Terre-Neuve

Memorandum by Secretary, Cabinet Committee on Newfoundland

SECRET Ottawa, October 29, 1948

The following information which may have some bearing on the Cabinet Committee discussions this morning has been gathered from sources in and close to the Newfoundland delegation.

Four members of the delegation are sincerely desirous of reaching an agreement. One member, Mr. Crosbie, has paid lip-service to the idea of cooperation now that the referendum is over, but in reality is stated to be holding back and looking for reasons to claim that his pre-referendum attitude against confederation was justified. There is real fear that if some reasonable and fairly generous arrangement regarding the financial problem cannot be made, Mr. Crosbie will refuse to sign and two other members of the delegation, Mr. Gruchy and Mr. Winter, might well, because of his strong attitude of opposition, refrain from signature as well. This would create an awkward situation with only four members of the Newfoundland delegation willing to sign — a situation which in fact they have not thought out, so anxious are they to avoid it.

In addition it was suggested that even though Mr. Crosbie agreed to sign, or should arrangements for union go ahead without his signature, he is planning to come out as the leader of an opposition political party in Newfoundland which would be opposed to the present federal government and would find outlet for anti-confederate feelings by taking a strong "provincialism" stand. It was suggested that even though the present meetings in Ottawa are being held in camera,

it is possible that statements made by Canadian ministers in these meetings might be used in public in Newfoundland politics at a later date by Mr. Crosbie.

One point which was mentioned particularly was the question of property taxes which may come up in discussions of the provincial budget. This was mentioned as an example of a "type" and also as the specific problem likely to cause the most political difficulty within Newfoundland unless properly handled.

Pro-confederate members of the delegation are reportedly quite aware of the fact that a provincial government cannot function effectively unless in due course property taxes and municipal organization are extended in Newfoundland — in fact sooner rather than later. On the other hand, they emphasize that it would be political suicide to attempt to introduce such taxes immediately after confederation and suggest that a period of at least a couple of years must elapse before starting to move in this direction; otherwise all the latent suspicions of the substantial group dubious about confederation would be justified and this issue would be a strong weapon in the hands of the "opposition." In fact it was suggested that just as the federal government officials have on a number of occasions, in reply to requests from the delegation, pointed out that the good faith and good judgment of the federal government should be relied on without seeking numerous written assurances of a type difficult to give, so the good faith and good judgment of those wishing to bring Newfoundland into confederation in matters of this sort should be accepted; a formal suggestion from a Canadian Cabinet Minister that property taxes should be imposed would not increase the likelihood of it being imposed (since in the minds of those members of the delegation they represent an accepted fact) but would merely throw ammunition to the opposition.

Admittedly much of this line of argument was political but without commenting on its factual accuracy or its merit I felt that it should be drawn to your attention.

J. R. BALDWIN

759. DF/Vol. 783

Extraits d'un mémorandum du directeur, la direction de la politique économique, le ministère des Finances, au sous-ministre des Finances

Extracts from Memorandum by Director, Economic Policy Division, Department of Finance, to Deputy Minister of Finance

Ottawa, October 29, 1948

RE: NEWFOUNDLAND

1. As soon as possible I would like to discuss with you and with other senior officers of the Department a number of important questions of financial policy affecting union with Newfoundland. These are by no means all the questions with financial implications raised by the Newfoundland delegation, but most of the other questions can probably be settled by applying to Newfoundland the same general principles as are applied in other parts of Canada.

2. The main questions that I wish to bring to your attention are as follows:

I. THE PROSPECTIVE DEFICIT IN THE PROVINCIAL BUDGET

As you will see from the attached report (Document 16), the figures submitted by the Newfoundland delegation indicate an annual deficit in the neighbourhood of $10 millions. At my suggestion the Cabinet Committee has taken the line that the level of provincial expenditure and revenue is a matter of provincial concern and the report, to which I have referred, was prepared with this in mind. It will be up to the Newfoundland delegation to bring forward a specific program for meeting the deficit which, I am sure, will include requests for further assistance from the Dominion Government.

When all the water has been taken out of the projected provincial expenditure and when other adjustments have been made, e.g. in the level of payments under the taxation agreement, a large prospective deficit will still remain. It would be perfectly reasonable if Newfoundland had to draw on her surplus to meet capital expenditures but the surplus would soon be exhausted if it had also to be used to meet a deficit on current account of the magnitude indicated by the Newfoundland estimates.

The *sine qua non* of a successful union and a solvent province is the application by Newfoundland of appropriate local taxes either directly or through subsidiary municipal bodies. The comparison that stands out most clearly in the tables of provincial and municipal revenues and expenditures (see Annex II,[†] Document 16 attached) is that between combined revenues raised locally in Newfoundland and in other Maritime Provinces. According to the figures laid before us, Newfoundland proposes to raise less than $13 per capita locally against $50 per capita in New Brunswick, $49 in Nova Scotia and nearly $29 in Prince Edward Island.

I do not think the Newfoundlanders are averse to some additional local taxes, but they have two handicaps to overcome: first, there is strong opposition to real property taxes of the kind imposed by municipalities in Canada; second, under the circumstances of a scattered population living along an extended coastline, a retail sales tax is extremely difficult to collect. Personally, I do not think that Newfoundland can develop local sources of revenue sufficiently quickly to avoid a fairly substantial deficit in the early years of union unless they proceed to reduce the standard of services now in existence for such things as health, education, etc.

At this stage I would not say that it would be desirable to offer to increase the scale of transitional grants. Too much temporary assistance would probably result in a postponement of necessary provincial action to balance the budget, but we will undoubtedly be asked to do something like this and if we do not accede the negotiations may break down.

II. NEWFOUNDLAND SURPLUS

Attached is a report[†] of my Sub-Committee on the question of repatriation of the blocked sterling accumulated over the past year or so. Personally, I think that we should take over the sterling in exchange for Canadian dollars. In my opinion no other course is consistent with the proposed arrangements for union.

Two other questions will arise in connection with the surplus: first, is the right of Newfoundland to taxes in respect of the period since January 1, 1948. I discuss

this further below. The other question is one of policy affecting the transfer of certain assets which Canada will take over at the union. Newfoundland contends, and I think rightly, that liquid assets, such as cash and inventories in the hands of various agencies taken over by Canada at time of union, such as the railway companies, should be refunded to Newfoundland. If we do not agree, Newfoundland of course might feel impelled to recall cash advances and to run down inventories to a minimum.

. . .

IV. NEWFOUNDLAND DEBT

In order to obtain better financial terms Newfoundland has proposed that Canada or Canada and Newfoundland jointly should approach the U.K. on the question of the sterling debt of which the U.K. is a guarantor. Newfoundland thinks that if the right approach is made the U.K., in order to give union a good start and in consideration of being relieved of the guarantee, will be willing to take over a substantial share of the debt. If she does so, Canada could, it is argued, improve the proposed terms without additional cost since Canada has already offered to take over the whole of the outstanding sterling debt.

When this proposal was made, Mr. Abbott said that he would like to give it some thought, and he told me privately that he did not think we should do anything until the financial outlook for the new province was clearer.[51]

. . .

M. W. SHARP

[PIÈCE JOINTE/ENCLOSURE]

R.A.M./Vol. 2

Rapport du sous-comité sur les finances et la politique économique, le Comité interministériel sur Terre-Neuve

Report by Sub-Committee on Finance and Economic Policy, Interdepartmental Committee on Newfoundland

SECRET Ottawa, October 26, 1948

DOCUMENT 16

RE: FORECAST OF PROVINCIAL REVENUE AND EXPENDITURE

1. At your request we have examined the forecasts of revenue and expenditure of the Newfoundland provincial government submitted by the Newfoundland delegation. In this examination we were greatly assisted by the financial advisers

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[51]Les autres questions dont traitait ce mémorandum étaient la réduction de l'imposition double pour les contribuables de Terre-Neuve, la taxe sur la marchandise, les exemptions par rapport à la taxe statutaire, les ventes de poisson en Europe et les pensions.

[51]The other questions dealt with in this memorandum were relief of double taxation for Newfoundland taxpayers, Turnover tax, Statutory Tax exemptions, sales of fish in Europe and Pensions.

to the delegation, Messrs. Thompson and Marshall, who provided us with a detailed explanation of the methods used in preparing the forecasts.

2. In general these forecasts were prepared by excluding from the Newfoundland estimates for the fiscal year 1948-49 those items of revenue which will not be available to the provincial government after Confederation either constitutionally or under a taxation agreement, and those items of expenditure which will either be assumed by the federal government or will disappear as a result of Confederation. To the provincial sources of revenue have, of course, been added the payments accruing to the province from the federal government in accordance with the terms of union and under a taxation agreement.

3. While this was the general method used in preparing the forecasts, a number of adjustments were made on the expenditure side as a result of developments since the 1948-49 estimates were approved and, on the side of revenue, the delegation has included a provincial gasoline tax at the rate of 15 cents per gallon and additional revenue resulting from an increase of 50 cents per bottle of hard liquor.

4. It may be said therefore that the forecasts submitted are designed to represent the position that would emerge:

(a) if the Newfoundland provincial government carried through the plans of its predecessor (projected over six years) except in fields which, in the opinion of the delegation, will become the direct responsibility of the federal government (or which become redundant); and

(b) without new provincial sources of revenue other than those mentioned.

5. Briefly, the forecasts indicate a deficit over the six fiscal years beginning with 1949-50 of some $60,000,000 on current and capital account, or an annual deficit in the neighborhood of $10,000,000. Expenditures are indicated as rising fairly steadily between 1949-50 and 1953-54 and as stabilizing in 1954-55. The increase in annual expenditures between the first and sixth years is indicated as about $2,900,000. Annual revenues from provincial sources show a much smaller increase of only about $250,000 in the same period. Since the federal transitional grant declines after the third year, total provincial revenues are indicated to be smaller in 1954-55 than in 1950-51.

6. Our report is factual, i.e., we avoid expressions of opinion as to whether the forecast levels of revenues and expenditures are either excessive or inadequate. Indeed, it would be impossible to criticize particular items on either side of the accounts without more knowledge than we now possess as to local needs and circumstances and without infringing upon matters that are essentially of provincial concern.

7. The facts are set forth in four annexes† attached as follows:

1. *A list of items included in the forecast of expenditures which deserve further consideration on the grounds that they may not take full account of the effects of Confederation.*

This list is not submitted in criticism of the Newfoundland forecasts. Rather it includes items which the Newfoundland delegation may have overlooked in assessing the effects of Confederation on the provincial budget and which they may

wish to reconsider or which may be affected by decisions regarding the allocation of responsibilities between the two levels of government.

Our general conclusion, in this respect, is that the forecast level of expenditures would appear to be subject to a significant downward adjustment.

2. *A comparison of forecast expenditures and revenues of the Newfoundland provincial government (including the City of St. John's and other Newfoundland municipalities) with similar expenditures and revenues of provincial and municipal governments in the Maritime Provinces.*

These comparisons may assist the Newfoundland delegation to form some judgment as to the reasonableness and adequacy of their forecasts and as to the possibilities of reducing the apparent deficit.

The comparisons show:

(1) A projected level of expenditures in Newfoundland on a per capita basis far in excess of that in the Maritimes for such services as:

(a) health and hospital care,

(b) relief,

(c) fisheries,

(d) police services,

(e) other miscellaneous services.

(2) A projected level of revenues on a per capita basis from sources within Newfoundland less than a quarter of the combined revenues of provincial and municipal governments either in Nova Scotia or New Brunswick and less than a half of these in Prince Edward Island.

3. *A recalculation of probable payments to Newfoundland under the tax rental agreement in the light of recent estimates of the GNP.*

This recalculation indicates that revenues from this source may be understated by around a million dollars per year in the early years of union and by less definite amounts in later years.

4. *A division of forecast total expenditure between ordinary and capital accounts.*

The forecasts are summarized in this way to indicate the extent to which possible annual deficits may be accounted for by capital expenditure items which need not necessarily be financed out of current revenues. Over the six fiscal years 1949-50 to 1954-55, capital expenditures are forecast at approximately $15,-000,000, out of a forecast total deficit over the same period of $60,000,000.

This is a preliminary report. Because of uncertainty as to the policy to be followed with respect to a number of important items in the surplus account, we are deferring our comments on this account until later.

760. R.A.M./Vol. 3

Procès-verbal d'une réunion du Comité du Cabinet sur Terre-Neuve

Minutes of a Meeting of the Cabinet Committee on Newfoundland

SECRET

A meeting of the Cabinet Committee on Newfoundland was held in the Privy Council Chamber on Friday, October 29th, 1948, at 11 a.m.

PRESENT:[52]

. . .

ALSO PRESENT:

Mr. J.E. Coyne, Bank of Canada,
Mr. J. Howes, Bank of Canada,
Mr. B.G. McIntyre, Comptroller of the Treasury,
Mr. R.A. MacKay, Department of External Affairs,
Mr. M.W. Sharp, Department of Finance,
Mr. A.B. Hockin, Department of Finance,
Mr. W.B. Stuart, Department of National Revenue (Customs and Excise),
Mr. P.L. Young, Department of National Revenue (Customs and Excise),
Mr. C.H. Cotter, Department of National Revenue (Taxation),
Mr. J.G. McEntyre, Department of National Revenue (Taxation),
Mr. Alex Skelton, Department of Trade and Commerce,
Dr. C.M. Isbister, Department of Trade and Commerce.

I. PROCEDURE TO EFFECT UNION

1. THE ACTING PRIME MINISTER, referring to discussion at the meeting on October 27th, with regard to procedure for the entry of Newfoundland into Confederation, suggested that the High Commissioner at Ottawa should be notified of the lines of discussion.

It had also been suggested from U.K. sources that a U.K. law officer might be attached to the United Kingdom High Commissioner's Office to assist in the drafting of the instrument of union.[52a]

Mr. Walsh had indicated that the Newfoundland delegation would have no objection to this step.

(Memorandum, October 29th, 1948, from the Secretary of State for External Affairs).†

2. THE COMMITTEE noted with approval the proposals set forth by the Acting Prime Minister.

II. REPORT ON NEWFOUNDLAND REVENUES AND EXPENDITURES

3. THE ACTING PRIME MINISTER stated that, in accordance with the Cabinet Committee's decision of October 20th, the sub-committee on Finance and Economic Policy had now submitted a report on the forecast of provincial revenues

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[52] Howe était absent.
[52a] Voir la partie 2, section A de ce chapitre.

[52] Howe was absent.
[52a] See Part 2, Section A of this chapter.

and expenditures submitted by the Newfoundland delegation (Item I of the Newfoundland brief).

This report was a factual appraisal of the figures submitted by the Newfoundland delegation without any expression of opinion. Appended to the report were several schedules establishing a comparison between the revenue and expenditure figures and those obtaining in the Maritime Provinces.

It was suggested that this report be submitted to the Newfoundland delegation for study.

(Report of the sub-committee on Finance and Economic Policy, Document No. 16, October 26, 1948).

4. THE COMMITTEE, after considerable discussion, agreed that the report be submitted to the Newfoundland delegation forthwith.

III. MISCELLANEOUS FINANCIAL REPORTS

5. THE ACTING PRIME MINISTER said that the sub-committee on Finance and Economic Policy had also submitted reports on various other items of the Newfoundland brief referred to the sub-committee for study and report.

The questions dealt with in the report were the following:

Item XIX — Repatriation of Sterling Surplus

Item XX — Income Taxes, Corporation Taxes and Succession Duties

Item XXIX — Newfoundland Government Savings Bank

Item XXXI — Clarification of Government Contracts (ii) Imports

Item XXXIV — Loss of Revenue

Item XXXV — Trade and Industry (vi) Chemicals

Item XXXVII — Goods in Bonded Warehouses and in Transit

Item XXXVIII — Federal Taxes

(Report, undated, from the sub-committee on Finance and Economic Policy).†

6. THE COMMITTEE, after discussion, agreed that the reports referred to above be disposed of as follows:

Item XIX — Repatriation of Sterling Surplus — Consideration deferred.

Item XX — Income Taxes, Corporation Taxes and Succession Duties — To be submitted to the Newfoundland delegation after minor revision.

Item XXIX — Newfoundland Government Savings Bank — To be submitted to the Newfoundland delegation.

Item XXXI — Clarification of Government Contracts — (ii) Imports — To be submitted to the Newfoundland delegation after minor revision.

Item XXXIV — Loss of Revenue — Consideration deferred.

Item XXXV — Trade and Industry — (vi) Chemicals — To be submitted to the Newfoundland delegation.

Item XXXVII — Goods in Bonded Warehouses and in Transit — To be revised by the sub-committee in the light of discussion.

Item XXXVIII — Federal Taxes — To be revised by the sub-committee in the light of discussion.

J. R. BALDWIN

761. PCO-CRF

Le secrétaire, le Comité du Cabinet sur Terre-Neuve, au président, la délégation de Terre-Neuve

Secretary, Cabinet Committee on Newfoundland, to Chairman, Delegation of Newfoundland

SECRET Ottawa, October 29, 1948

Dear Mr. Walsh,

I attach for your information copies of the report of the Sub-Committee of Canadian officials appointed by the Canadian Cabinet Committee to review the statement submitted by the Newfoundland delegation on the estimated revenues and expenditures of Newfoundland as a province. It is our understanding that this report would be the subject of discussion at the meeting with the Newfoundland delegation next Tuesday afternoon.

You will note that this report is primarily factual in nature and does not contain any specific recommendations or suggestions.

Quite apart from discussion of the facts contained in the report it would be our hope that the Newfoundland delegation might be in a position on Tuesday to advance specific comments regarding the situation shown by your above-mentioned statement and this report.

Sincerely yours,

J. R. BALDWIN

762. R.A.M./Vol. 3

Procès-verbal d'une réunion du Comité du Cabinet sur Terre-Neuve

Minutes of a Meeting of the Cabinet Committee on Newfoundland

SECRET

A meeting of the Cabinet Committee on Newfoundland was held in the Privy Council Chamber on Tuesday, November 2nd, 1948, at twelve o'clock noon.

PRESENT:

. . .

ALSO PRESENT:

The Canadian High Commissioner in Newfoundland, (Mr. Burchell),
The Deputy Minister of Veterans Affairs (Mr. Woods),
Mr. J.E. Coyne, Bank of Canada,
Mr. R.A. MacKay, Department of External Affairs,
Mr. M.W. Sharp, Department of Finance,
Mr. A.B. Hockin, Department of Finance,
Mr. Alex Skelton, Department of Trade and Commerce.

I. COMMENTS OF NEWFOUNDLAND DELEGATION ON REPORTS SUBMITTED BY THE CABINET COMMITTEE

1. THE ACTING PRIME MINISTER said that the Newfoundland delegation had now submitted their comments on the reports submitted by the Cabinet Committee at meetings held on October 19th and 27th relating to certain questions raised in the Newfoundland brief.

(Letter, October 30th, 1948, from the Secretary of the Newfoundland delegation; copy attached).†

2. MR. ST. LAURENT said that the delegation had no comments to offer with respect to most of the reports submitted by the Cabinet Committee. The delegation did, however, submit certain suggestions in connection with the reports relating to the following items of the brief:

Item VII — Marine Hospitals

Item XI — Civil Aviation

Item XIII — Broadcasting

3. THE COMMITTEE, after discussion, noted the reports submitted by the Newfoundland delegation and agreed,

(a) That Item VII — Marine Hospitals — be referred to the Department of National Health and Welfare and to the Department of Veterans Affairs for consideration and report in the light of the suggestion made by the Newfoundland delegation;

(b) That Item XI — Civil Aviation — and Item XIII — Broadcasting — be referred to the sub-committee on Transportation and Communications for consideration and report in the light of the delegation's comments.

II. NEWFOUNDLAND POSTS AND TELEGRAPHS

4. THE ACTING PRIME MINISTER said that Item X of the Newfoundland brief relating to the Newfoundland Department of Posts and Telegraphs had been referred to the sub-committee on Transportation and Communications for consideration.

A report had now been submitted by the sub-committee in which the views of the Post Office Department on the one hand, and those of the Canadian National Railways and the Department of Transport on the other, were set forth.

(Report of the sub-committee on Transportation and Communications, October 22nd, 1948).†

5. THE COMMITTEE, after discussion, approved in principle the recommendations made by the Canadian National Railways and the Department of Transport and agreed that the sub-committee on Transportation and Communications should prepare a report, embodying these recommendations, for submission to the Newfoundland delegation.

III. INTERIM REPORT ON FISHERIES

6. THE MINISTER OF FISHERIES reported that in the course of discussions with Newfoundland delegates and Fisheries officials, certain difficulties had been encountered, more particularly with respect to the continued operation of the

Newfoundland Fisheries Board following union. In this connection, an Interim Report had been prepared.

(Interim Report of the Minister of Fisheries, November 2nd, 1948).

7. THE COMMITTEE noted the Minister's report.

IV. VETERANS' BENEFITS

8. THE MINISTER OF VETERANS AFFAIRS, referring to the War Service Benefits as set forth in Annex I of the Proposed Arrangements of October 29th, 1947, and to Item XII of the Newfoundland brief relating to Benefits to Veterans of World War II, stated that reports had now been prepared in connection with these matters.

The first report dealt with matters which were considered to have been implicitly agreed to in the Proposed Arrangements of October 1947. It was felt that, subject to the Committee's approval, this report might be submitted to the Newfoundland delegation.

The second report dealt with the question of the extension to Newfoundland veterans of gratuities and re-establishment credit.

(Report of Special sub-committee on Veterans Affairs, October 27th, 1948; and memorandum, undated, on gratuities and re-establishment credit).†

9. THE COMMITTEE, after considerable discussion, agreed,

(a) That the report of the Special sub-committee on Veterans Affairs be submitted to the Newfoundland delegation after deletion of references to awaiting returns allowances and to gratuities and re-establishment credit;

(b) That consideration of the extension of gratuities and re-establishment credit to Newfoundland veterans be deferred.

J. R. BALDWIN

[PIÈCE JOINTE/ENCLOSURE]

Mémorandum du ministre des Pêcheries au Cabinet

Memorandum from Minister of Fisheries to Cabinet

Ottawa, November 2, 1948

FURTHER INTERIM REPORT ON FISHERIES

Several meetings have been had with the Newfoundland delegation, most of the discussion being on the continuation of the Newfoundland Fisheries Board in the export field. We believe it desirable to continue this Board for an interim period. An agreement could be reached on a five-year period from the date of Union, and thereafter until such time as the Parliament of Canada otherwise enacts. The powers of the Board would continue with respect to the export marketing of salted products only.

The essential difference that has arisen with the Newfoundland delegation relates to the control of this Board. We have insisted that the Board, under our constitution, would have to be a Federal agency under a Federal Minister. The

Newfoundland delegation have resisted this with various alternatives, the most recent being that the present Acts governing the operation of the Board be continued but that the powers of the Governor in Commission and the Commissioner for Natural Resources under these Acts be exercised by the Governor in Council and the Minister of Fisheries respectively.

We are opposed to this proposal because:

(1) The Board has wide powers under the Newfoundland Fisheries Board Act which are not subject to any form of control either of the Governor in Commission or the Commissioner for Natural Resources, particularly the powers contained in section 9, subsections 6, 7, 9, 10, 11, 12, 13, 14 and 16.

(2) The Exportation of Salt Fish (Permits) Act of 1942 is used by the Board as an important control over exporters. This Act is not under the control of the Governor in Commission nor the Commissioner for Natural Resources and therefore, the substitution of the Governor in Council and the Minister would in no way give federal control over the powers of the Board.

If we agreed to these proposals the Federal Government would not have the necessary overall direction and legal control over the most important part of the activities of the Board, although the Government would be responsible for the conduct of the Board before Parliament.

We are having a further meeting with the Newfoundland delegation this afternoon when it will be desirable to take a final stand on this question.

R. W. MAYHEW

763. R.A.M./Vol. 3

Procès-verbal d'une réunion entre le Comité du Cabinet et la délégation de Terre-Neuve

Minutes of a Meeting between Cabinet Committee and Delegation of Newfoundland

SECRET

MINUTES OF A MEETING OF THE CABINET COMMITTEE AND THE NEWFOUNDLAND DELEGATION HELD IN ROOM 268, PARLIAMENT BUILDINGS, ON TUESDAY, NOVEMBER 2, 1948, AT 4:00 P.M.

PRESENT:

. . .

ALSO PRESENT:

Mr. C.J. Burchell, Canadian High Commissioner in Newfoundland,
Dr. W.C. Clark, Deputy Minister of Finance,
Mr. J. Howes, Bank of Canada,
Mr. J.E. Coyne, Bank of Canada,
Mr. R.A. MacKay, External Affairs

Mr. M. Sharp, Dept. of Finance,
Mr. E.A. Driedger, Dept. of Justice
Mr. E.P. Weeks, Dept. of Reconstruction and Supply,
Mr. Alex Skelton, Dept. of Trade and Commerce,
Mr. J.C. Britton, Dept. of Trade and Commerce.
Mr. W.M. Marshall, Secretary for Finance,
Mr. H.G. Puddester, Secretary for Justice,
Mr. J.C. Thompson,
Mr. G.W.D. Allen, Assessor of Taxes,
Mr. J.G. Howell, Secretary for Customs.

I. FORECAST OF NEWFOUNDLAND REVENUES AND EXPENDITURES-REPORT OF SUB-COMMITTEE ON FINANCE

1. THE ACTING PRIME MINISTER stated that the Sub-Committee on Finance and Economic Policy had prepared a report on Item I of the Newfoundland memorandum (Financial Position of the Province).

Copies of the report had been circulated.

(Report of the Sub-Committee on Finance and Economic Policy, Document No. 16, October 26th, 1948).

2. MR. ST. LAURENT enquired whether the Newfoundland delegation had any comments or suggestions to offer in regard to the estimated position of a Newfoundland provincial budget as indicated in the report.

3. MR. WALSH commented in detail on the content of the report and the position indicated therein.

4. MR. ST. LAURENT pointed out that it was obviously not appropriate for the federal government to stipulate means by which Newfoundland's provincial budget might be balanced; it was, however, the wish of the government and no doubt of the Newfoundland delegation to find a manageable and mutually satisfactory solution to the problem. Perhaps this result might be achieved more readily if Canadian ministers and officials and Newfoundland delegates and their advisers were to have informal and private consultations during the course of the next few days in order that individual points of view and possible solutions might be explored without any commitments being made.

It was suggested that Mr. Burchell and Mr. MacKay act as liaison officers between the Cabinet Committee and the various members of the Newfoundland delegation and their advisers in this connection.

5. THE MEETING deferred discussion pending consideration in the fashion indicated by the Acting Prime Minister.

II. FINANCIAL MATTERS — MISCELLANEOUS REPORTS

6. THE ACTING PRIME MINISTER stated that reports had also been prepared on various sections of the Newfoundland brief relating to financial questions as follows:

Item XX — Income Taxes, Corporation Taxes and Succession Duties.

Item XXXV — Trade and Industry (vi) Chemicals.

Item XXXVIII — Federal Taxes.

Copies of these reports had been circulated.†

7. THE MEETING noted these reports for consideration by the Newfoundland delegation.

III. NEXT MEETING

8. The meeting agreed tentatively that the next full meeting of the Cabinet Committee and the Newfoundland delegation would be held the following Friday, November 5th, at 4.00 p.m.

J. R. BALDWIN

764. PCO-CRF

Mémorandum du directeur général, la section de la recherche économique, le ministère de la Reconstruction et des Approvisionnements, au ministre de la Reconstruction et des Approvisionnements

Memorandum from Director General, Economic Research Branch, Department of Reconstruction and Supply, to Minister of Reconstruction and Supply

PERSONAL AND SECRET Ottawa, November 2, 1948

RE NEWFOUNDLAND TERMS

You asked me last week for a summary of the changes in the terms proposed to Newfoundland which would appear necessary to carry union through successfully.

I think these boil down to making provision for Newfoundland's financial gap. That is, this is the only issue on which a breakdown of negotiations really threatens, and on which the Newfoundland delegation would be justified in refusing to proceed.

There are other issues which should be noted.

1. Probably most important is the fish marketing policy, and specifically the future of their present so-called "orderly fish marketing" scheme. The present practice produces constitutional problems and potentially awkward precedents (for it is in effect provincial regulation of export and interprovincial trade) and also some practical difficulties in relation to the Maritimes. The proposal for partial continuation of this scheme for a transitional period is apparently acceptable to both sides.

2. Provision will have to be made to avoid double taxation resulting from the change-over from the Newfoundland pay-next-year to the Canadian pay-as-you-go system. Everyone agrees that Newfoundland residents should not be required to pay two taxes in one year. The question is whether they should, in 1949

(a) pay taxes to Newfoundland on their 1948 incomes, or

(b) start paying taxes to Canada on their 1949 incomes, or

(c) whether the Canadian and Newfoundland governments should split the loss.

If the major question of the financial gap is satisfactorily settled, I would think that an arbitrary division between the Canadian and Newfoundland governments of the loss due to the tax remission would be practical.

3. Newfoundland will hold about $19 million of their surplus in sterling on March 31, 1949. About $10 million is convertible but $9 million, representing sterling acquired through sales of fish in Mediterranean markets, is held in a blocked account which can only be used to repay the sterling debt. I think it is clear that Canada should undertake to convert the blocked sterling into dollars.

The Financial Gap.

Newfoundland estimates roughly $10 million a year deficit in the next six years. This includes $2 1/2 million a year for capital expenditures. It is after allowing for the proposed transitional subsidy which starts at $3 1/2 million.

The annual average budget picture for the next six years (1949-50 to 1954-5) is:

Revenues

Local	$4 m.
Tax Agreement	7 m.
Trans. subsidy	3 m.
	$14 m.

Expenditures

Current	$21 1/2 m.
Capital	2 1/2 m.
	$24 m.

Adjustments are necessary to these estimates.

1. Tax agreement revenue, on the basis of current G.N.P. and population data, will be $1 million higher.

2. Some of the estimated current expenditures seem too high — e.g., police and unemployment relief. By reducing all the estimates that appear high (in relation to the Maritimes for example) and by not raising any that appear low, the current expenditure figure could be reduced $2 million.

3. The capital expenditure estimate of $2 1/2 million is much too low, of course, but need not be included for this purpose at all.

The effect of these adjustments on the $10 million forecast deficit may be summarized as follows:

Forecast deficit	$10 m.
Less	
increase in tax agreement rev.	$ 1 m.
reduction in current exp. est.	2 m.
elimination of cap. exp.	2 1/2 m.
	$ 5 1/2 m.
Remaining deficit	$ 4 1/2 m.

This $4 1/2 million figure may be accepted as the absolute minimum of the likely current account deficit on the basis of the assumed tax structure. In fact it is almost certainly too low. I think $6 million would be a more realistic figure.

The question is consequently:

(a) to what extent can this be met by increasing local taxation, and

(b) to what extent is there a case for a larger Dominion grant?

A. *Increasing local taxation*

The basic cause of Newfoundland's financial weakness is, of course, the low income level and consequent limited taxation field. Even higher gasoline taxes than in the Maritimes, for example, will yield only one-third per capita as much.

The fiscal effect of this has been intensified by the absence of development, or at the most very rudimentary development, of municipal institutions and accompanying real property taxation. (Newfoundland property taxation is about $1.50 per head as compared with $14 in the Maritimes. Even in Prince Edward Island it is now four times more per head.)

The Newfoundland argument that because Newfoundlanders do not like property taxation it cannot be considered is of course unacceptable. Nevertheless, there is a practical situation to be considered. Immediate development of municipal institutions and immediate imposition of corresponding property taxation is not economically, politically, or administratively feasible. There has been, however, a significant development of municipal institutions in the last five years. With the increase in the general average, and better distribution, of income which may be reasonably expected to follow Confederation, this development should accelerate.

A more immediately promising field is the sales tax. It is the most effective method of taxation in a relatively undeveloped and unindustrialized economy. If a sales tax was imposed at the same time that the tariffs against Canada are removed there will be neither political nor economic problems. The reduction in living costs and taxation burdens resulting from the removal of the tariff will exceed any conceivable new provincial sales tax.

An administrative problem would remain. The collection of a sales tax would be greatly facilitated if it could be done at the wholesale level, and primarily at the ports. This is of course true in other provinces also. At the Co-ordinating Committee sessions of the last Dominion-Provincial Conference it was agreed by the Dominion representatives, on the unanimous motion of the provincial premiers (it was the only point on which everyone was unanimous) that an amendment permitting the provinces thus to tax sales indirectly would be made. This agreement was never made public, and it may be desirable to withold action as a bargaining point in the future. It might still be possible to work out some special arrangement, of a transitional nature, to assist Newfoundland in imposing an effective tax immediately.

In summary

(a) Development of municipal institutions and of an associated property tax may be expected on a modest scale over the next ten years. Property tax returns might reasonably be expected to increase from the present $1/2 million to $2

million in the next five years. This increase would not be *net*, however: while it would admit assumption of some of the presently estimated provincial expenditures by municipal governments the major portion of it would undoubtedly be absorbed by new municipal services.

(b) A provincial sales tax of the order of 5%, with exemptions for necessities (and especially for those which are now duty-free) could be imposed without hardship *if done at the same time* that the tariffs against Canada are removed. This should yield about $3 million.

(c) There are no other apparent sources of significant provincial revenue.

B. *Larger Dominion Grant*

1. Considering the problem of the financial gap, I think we should start with two propositions:

(a) Newfoundland can and should raise more provincial revenues immediately, and

(b) Newfoundland will be able to develop, and by comparative provincial standards should develop, additional provincial revenues over a reasonable period of time following Confederation.

2. After full allowance for this I think we must also recognize that there is a gap, which should be a progressively diminishing one, between the necessary current expenditures of Newfoundland as a province and their revenues under the current proposals.

3. To meet this situation I recommend

(a) doubling the presently proposed transitional grant[53] and

(b) requiring an assurance that Newfoundland will impose an adequate sales tax (5 per cent with certain exemptions) at the time that tariffs against Canada are removed.

(c) The development of municipal institutions, municipal services, and property taxation would be assumed to be part of the general understanding, but not formalized by agreement. The change in the amount of the transitional subsidy would be as follows:

	Present proposal	*Amended proposal*
	$000	$000
1949	3,500	7,000
1950	3,500	7,000
1951	3,500	7,000

[53]La note suivante était dans l'original: [53]The following note was in the original:

It is suggested that the transitional grant should be cut off at the end of 10 years instead of the present twelve. Ten years seems long enough to attempt to predict provincial financial needs. Long before 1958, in fact, there will have to be a general Dominion-provincial re-shuffle in which Newfoundland will participate. The only reason for keeping it as long as 10 years is that a commitment has already been made to review the Dominion-Newfoundland position in eight years, and that they are entitled to specific assurance covering that period plus the probable time required for re-settlement.

1952	3,150	6,300
1953	2,800	5,600
1954	2,450	4,900
1955	2,100	4,200
1956	1,750	3,500
1957	1,400	2,800
1958	1,050	2,100
1959	700	
1960	350	
	26,250	50,400

Summary

Taking the approximate annual deficit on current account for the next few years as about $6 million this proposal roughly divides the provision for this about half-and-half between the Dominion and the province. For the first three years the Dominion contribution would be $3 1/2 million (additional to the present proposals) and the provincial government would be expected to raise the $2 1/2 million balance. For the next three years the Dominion subsidy would add $2 1/2 million and the provincial government would have to find the extra $3 1/2 million. There seems little point in forecasting beyond this stage.

MacKay supports this proposal. Coyne and Sharp, representing the Bank of Canada and the Department of Finance, think the suggested Dominion subsidy larger than necessary, but agree that some increase over the original proposal is necessary. This is not as a matter of policy, but simply because Sharp's committee made some substantial mistakes in the earlier estimates.

As between an increase of from $3 1/2 million to $7 million, and an increase of from $3 1/2 million to $5 million, I would strongly recommend the increase to $7 million.

1. It is justified by the facts of the situation and desirable to speed up the necessary improvement in Newfoundland public service standards.

2. A substantial increase in the proposed subsidy will make it easier to develop an effective provincial tax system — which is the long-run solution.

3. Satisfactory settlement of the financial gap problem (and I think this would be taken as a satisfactory settlement) would make it possible to clear up practically all the other outstanding issues at the departmental official level and put an end to these interminable time-consuming conferences.

765. R.A.M./Vol. 3

Extrait du procès-verbal d'une réunion entre le Comité du Cabinet et la délégation de Terre-Neuve

Extract from Minutes of a Meeting between Cabinet Committee and Delegation of Newfoundland

SECRET

MINUTES OF A MEETING OF THE CABINET COMMITTEE AND THE NEWFOUNDLAND DELEGATION HELD IN ROOM 497, PARLIAMENT BUILDINGS, ON FRIDAY, NOVEMBER 5TH, 1948, AT 4.00 P.M.

PRESENT:[54]

. . .

ALSO PRESENT:

Mr. C.J. Burchell, Canadian High Commissioner in Newfoundland,
Mr. L.A. Mutch, Parliamentary Assistant to the Minister of Veterans Affairs,
Mr. D. Sim, Deputy Minister of National Revenue (Customs and Excise),
Mr. J.C. Lessard, Deputy Minister of Transport,
Mr. J. Howes, Bank of Canada,
Mr. M.W. Sharp, Dept. of Finance
Mr. A.B. Hockin, Dept. of Finance
Mr. P.L. Young, Dept. of National Revenue (Customs and Excise),
Maj.-Gen. E.L.M. Burns, Dept. of Veterans Affairs,
Brigadier J.L. Melville, Dept. of Veterans Affairs.

Mr. J.G. Howell, Secretary for Customs
Mr. G.W.D. Allen, Assessor of Taxes.

I. REPORTS ON NEWFOUNDLAND BRIEF

1. THE MINISTER OF NATIONAL DEFENCE stated that several reports had been forwarded to the Newfoundland delegation. These dealt with various questions raised in the delegation's memorandum of October 1948 as follows:

(a) Report of the Special sub-committee on Veterans Affairs (Item XII).

(b) Report on Housing Assistance submitted by Central Mortgage and Housing Corporation (Item VIII).

(c) Report on Posts and Telegraphs (Item X).

(d) Clarification of certain points respecting Civil Aviation (Item XI) and Broadcasting (Item XIII) as requested by the Newfoundland delegation in a letter of October 30th, 1948.

(e) Report on Penitentiaries (Item XIV).

(Secretary's note, November 5th, 1948, and attached documents; report on Penitentiaries, November 5th, 1948).[†]

2. THE MEETING noted these reports for consideration by the Newfoundland delegation.

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[54]St. Laurent et Abbott étaient absents.

[54]St. Laurent and Abbott were absent.

II. DELEGATION'S COMMENTS ON VARIOUS REPORTS SUBMITTED BY THE CABINET COMMITTEE

3. THE MINISTER OF NATIONAL DEFENCE said that in a letter dated November 4th, 1948, the Newfoundland delegation had commented on several reports which had been submitted by the Cabinet Committee with respect to various questions raised in the delegation's memorandum of October 1948.

(Letter from Secretary of Newfoundland delegation to Secretary of the Cabinet Committee on Newfoundland, November 4th, 1948).[55]

4. THE MINISTER OF TRADE AND COMMERCE noted that in connection with the comment on Public Harbours (Item XVII) it was the government's policy to construct and maintain public wharves wherever and whenever such action was considered to be necessary in the public interest. Since the construction and maintenance of public docks throughout Canada were under the jurisdiction of the Federal Government, responsibility for decision as to whether or not a public dock was necessary in any given locality would have to rest with the federal authorities who would of course take local requirements into consideration.

5. THE MEETING, after further discussion, noted Mr. Howe's statement on Public Harbours and deferred consideration on other of the delegation's comments.

III. FREIGHT RATES

6. MR. WALSH enquired whether the delegation could anticipate an early report on Item IX of the memorandum of October 1948 which, among other points, dealt with freight rates applicable to Newfoundland following union.

7. THE DEPUTY MINISTER OF TRANSPORT stated that officials of the Canadian National Railways had arranged conversations with the Minister of Transport early the following week. It was hoped that a report in this matter would be available for consideration shortly thereafter.

8. THE MEETING noted the report of the Deputy Minister of Transport.

IV. UNFINISHED BUSINESS

9. MR. CLAXTON suggested that every effort be made to dispose within the next few days of the questions raised by the Newfoundland delegation remaining to be dealt with. All government departments that had not yet submitted their reports should be pressed to do so within the next few days.

10. THE MEETING noted with approval the suggestion made by Mr. Claxton.

. . .

766. 10300-40

Mémorandum pour le vice-président, le Comité du Cabinet sur Terre-Neuve[55a]

Memorandum for Vice-Chairman, Cabinet Committee on Newfoundland[55a]

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[55] Non trouvée.

[55a] R. A. MacKay était probablement l'auteur de ce mémorandum.

[55] Not located.

[55a] R. A. MacKay was probably the author of this memorandum.

SECRET Ottawa, November 6, 1948

NEWFOUNDLAND PROVINCIAL BUDGET

The comments of the Sub-committee on Finance and Economic policy on the prospective budget presented by the Newfoundland delegation indicates that the gap on current account, assuming no new taxes except gasoline and increased liquor prices, will be of the order of $6.0 million.

2. A rough calculation of possible yield from a sales tax indicates that Newfoundland should be able to raise about $700 thousand for each one per cent tax, on the basis of present business activity, allowing for exemption on food-stuffs, supplies for fisheries, coal, gasoline, and other items comparable to exemptions in other provinces. A five per cent tax would not be unduly high in view of the absence of property taxes. This should yield, say, $3.0 million to $3.5 million, allowing for difficulty of collection.

3. It would greatly facilitate collection if Newfoundland were empowered to impose this tax as a turnover tax rather than a direct tax on the consumer. It is suggested that Newfoundland might be empowered in the terms of union to do this for the transitional period. It is thought that this could be defended on the ground that Newfoundland had no adequate system of direct taxation as had existing provinces and would require time to develop such a system.

4. The Newfoundland delegation proposed in the first session that the United Kingdom should be asked to take over the debt, or a part of it, as a means of bridging the gap in part, the federal government presumably to pay Newfoundland proportionately higher grants in return for relief of the debt burden.

5. Although this might on the surface appear to be a useful device for increasing financial assistance to Newfoundland, I think however it means that the Canadian taxpayer would pay the "shot" in any case, since any reduction in the United Kingdom dollar-earning assets means almost certainly that we shall have to extend equivalent aid to the United Kingdom in other ways, or sell less exports to the United Kingdom. The arrangement would also seem objectionable in that it might give the United Kingdom a voice in the whole settlement with Newfoundland.

6. It is appreciated that changes in the terms might give rise to complaints of inequality of treatment from existing provinces. It might be that there would be least objection if the United Kingdom were to appear to assume part of the cost. It would be doubtful, however, whether the Canadian public would be misled by the device of having the United Kingdom take part of the debt.

7. On the other hand, I should not think there could be very strong ground for complaints by any province if instead we were to assist in meeting the gap during the transitional period by an increase in the transitional grant. These grants recognize special need only for the transitional period during which Newfoundland will be adjusting its existing administrative and tax system to that of a province within the federal system. I do not see that even a substantial increase in the transitional grant could give any valid ground to any province for complaints for inequality of treatment. I should think that we might increase these grants substantially without affecting the principle. My feeling is that the Newfound-

land delegation would quickly settle for doubling the present transitional grant (that is, increasing the initial payment from $3.5 million to $7 million), and they might well settle for less.

8. The total payments over the transitional period would of course be increased by about $26 million. But, as the Newfoundlanders have well pointed out, we considerably underestimated last year the probable revenue to be taken from Newfoundland in federal taxation (their estimate is an increase of $6 million to $7 million over our last year's estimate on the basis of present tax rates and present productivity). We need not accept their figures, but it is evident that increased tax returns under existing tax rates and anything like present productivity would more than offset the additional cost. Thus, the qualification laid down in the Prime Minister's letter to the Governor of October 29, 1947, that the Government could not readily contemplate increasing the burden on the Canadian tax-payer would thereby be observed. I should think increased payments under the transitional grants could be defended on this ground.

9. I should think also that an offer of this kind would tend more to strengthen the sentiment for union and to lessen the criticism against it in Newfoundland, than would an offer by the United Kingdom to assume part of the debt in order to make union possible. If Canada has in any case to assume the cost, why should it not also take the credit?

10. Attached for your convenience is a table† showing transitional grants under existing proposals and payments under increased grants beginning at $6 million and $7 million.

767. R.A.M./Vol. 3

Procès-verbal d'une réunion du Comité du Cabinet sur Terre-Neuve

Minutes of a Meeting of the Cabinet Committee on Newfoundland

SECRET

A meeting of the Cabinet Committee on Newfoundland was held in the Privy Council Chamber on Monday, November 8th, 1948, at 11:00 a.m.

PRESENT:[56]

. . .

I. MISCELLANEOUS REPORTS ON QUESTIONS RAISED BY THE NEWFOUNDLAND DELEGATION

1. THE CHAIRMAN suggested that a decision should be reached on several further reports† to be forwarded to the Newfoundland delegation.

2. THE COMMITTEE, after discussion, agreed that these questions be dealt with as follows:

(a) Item VII — Marine Hospitals — Report of the Departments of Veterans Affairs and National Health and Welfare to be forwarded to the Newfoundland delegation;

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[56]Gregg était absent. [56]Gregg was absent.

(b) Item XVIII — Public Buildings — Report of the Department of Public Works to be forwarded to the Newfoundland delegation;

(c) Item XX (4) — Taxation of Cooperatives — It was agreed that the Canadian Government could not make an exception in Newfoundland's favour in its present policy respecting the taxation of cooperatives. (The Secretary to forward a note to this effect to the Newfoundland delegation);

(d) Item XXI — Transportation — It was agreed that the Newfoundland delegation be informed that although it was the Government's intention to provide an efficient freight and passenger service between North Sydney and Port-aux-Basques, no practical advantage could be seen in making a change in the wording of the proposed arrangements in this connection. (The Secretary to forward a note to this effect to the Newfoundland delegation).

(e) Item XXXI — Clarification of Government Contracts — Report submitted by the sub-committee on Finance and Economic Policy to be forwarded to the Newfoundland delegation;

(f) Item XXXVII — Goods in Bonded Warehouses and in Transit — Report submitted by the sub-committee on Finance and Economic Policy to be forwarded to the Newfoundland delegation;

II. VETERANS BENEFITS

5. The Minister of Veterans Affairs pointed out that no statement had yet been made regarding the following Veterans benefits:

(a) War Service Gratuities

(b) Re-establishment Credit

(c) Awaiting Returns Benefits.

After taking all the circumstances into consideration, it was felt that Re-establishment Credits and Awaiting Returns Benefits could be extended to Newfoundland veterans. War Service Gratuities formed part of the soldiers pay and allowances and as such could not be extended to Newfoundland veterans following Union.

6. Mr. Walsh said that the arrangement proposed by the Minister of Veterans Affairs appeared satisfactory.

7. The meeting noted the statements made by the Minister of Veterans Affairs and the Chairman of the Newfoundland delegation.

III. IMPORT RESTRICTIONS

8. The Minister of National Defence, referring to the minutes of November 10th, 1948, said that the position respecting import restrictions as outlined broadly by the Minister of Finance had been confirmed by the Minister of Trade and Commerce.

9. The meeting noted Mr. Claxton's statement.

IV. TRANS-CANADA HIGHWAY

10. The Minister of National Defence said that the Canadian government's position with respect to the extension of the Trans-Canada Highway to

Newfoundland had been recorded in the minutes of the meeting held on October 13th, 1948.

The Minister of Mines and Resources was calling a conference of provincial representatives to discuss the question of the Trans-Canada Highway. In this connection, the Minister of Mines and Resources might be asked to extend an invitation to the Newfoundland Commission of Government to send an observer to this conference.

11. THE MEETING noted Mr. Claxton's statement and agreed that the Minister of Mines and Resources be requested to extend an invitation to the Newfoundland Commission of Government as suggested.

V. TRADE AND INDUSTRY

12. THE MINISTER OF NATIONAL DEFENCE said that the Newfoundland delegation had indicated that no reply had yet been received on several sections of Item XXXV of the Newfoundland brief relating to trade and industry.

The various questions raised in Item XXXV had actually been dealt with in large part under other headings; no further report could be made until the return of the Canadian team of experts at present in Newfoundland.

13. THE MEETING noted Mr. Claxton's statement.

(g) Item XL — Enrichment of Flour — It was agreed that the Newfoundland delegation be informed that the Canadian Government would not interfere with the present practice of using fortified flour in Newfoundland for a period of three years following union. (The Secretary to forward a note to this effect to the Newfoundland delegation).

II. FINANCIAL ARRANGEMENTS

3. THE MINISTER OF FINANCE, referring to the fact that a Newfoundland provincial government would be faced with heavy annual deficits unless some additional aid could be provided, said that in connection with the financial position of Newfoundland as a province following union, it had been suggested that the United Kingdom Government might agree to take over half of the Newfoundland sterling debt which would amount approximately to $16,500,000. If the United Kingdom Government agreed to such an arrangement, this amount ($16,500,000) could be made available by the Canadian government to the new province and thus help to reduce the estimated provincial deficit.

4. MR. ST. LAURENT pointed out that it was not at all certain that the United Kingdom would agree to such an arrangement and, in any event, some considerable time would probably elapse before an agreement could be reached; this latter feature was undesirable in view of the delegation's desire to return to Newfoundland as soon as possible. Difficulties would ensue were the delegates to return to Newfoundland at this time without an agreement being signed.

As an alternative to the proposal outlined by the Minister of Finance, the Canadian government might provide a supplementary grant to a total extent of, say, $16,500,000 in addition to the transitional grants set out in the proposed arrangements. These supplementary grants might be fixed on a descending scale during the first eight years following union as follows:

1st year	$3,000,000
2nd year	$3,000,000
3rd year	$3,000,000
4th year	$2,500,000
5th year	$2,000,000
6th year	$1,500,000
7th year	$1,000,000
8th year	$500,000

5. THE COMMITTEE, after considerable discussion, agreed that the Chairman's proposal be submitted to Cabinet.

J. R. BALDWIN

768. B.C./Vol. 117

Procès-verbal d'une réunion du Comité du Cabinet sur Terre-Neuve

Minutes of a Meeting of the Cabinet Committee on Newfoundland

SECRET

A meeting of the Cabinet Committee on Newfoundland was held in the Privy Council Chamber at 10:30 a.m., Tuesday, November 9th, 1948.

PRESENT:[57]

. . .

ALSO PRESENT:

Mr. J.C. Lessard, Deputy Minister of Transport.
Mr. S.W. Fairweather, Vice-President, Canadian National Railways,
Mr. R.A. MacKay, Department of External Affairs.

I. NEWFOUNDLAND RAILWAY

1. THE MINISTER OF TRANSPORT submitted a report on Item IX of the Newfoundland brief covering the management of the railway, freight rates, freight movements, express rates and passenger rates.

Copies of the report were circulated.

(Report on Newfoundland Railway, (Item IX), November 8, 1948).

2. THE COMMITTEE, after discussion, agreed that, subject to minor amendment, the report submitted be forwarded to the Newfoundland delegation.

II. CLARENVILLE BOATS

3. THE MINISTER OF TRANSPORT submitted a report relating to the Clarenville Boats (Item XV of the Newfoundland brief) prepared by the sub-committee on Transportation and Communications.

Copies of the report were circulated.

(Report on Clarenville Boats, (Item XV), November 8, 1948).†

[57]Gregg était absent mais Lionel Chevrier, le ministre des Transports, a participé à la réunion.

[57]Gregg was absent but Lionel Chevrier, Minister of Transport, was at the meeting.

4. MR. ST. LAURENT suggested that the Newfoundland delegation be informed that the wartime policy of operating commercial vessels had been discontinued and that the Federal Government was not therefore disposed to make any arrangements for the purchase of these boats a part of the terms of union, but that it would give sympathetic consideration to the finding of a solution which would provide the least interference with the economy of which these boats were a part.

5. THE COMMITTEE, after discussion, noted Mr. St. Laurent's proposal with approval and agreed that the Newfoundland delegation be informed accordingly. (The Secretary to forward a note to this effect to the Newfoundland delegation).

III. FISHERIES

6. THE MINISTER OF FISHERIES submitted a report respecting Newfoundland fisheries.

Copies of the report were circulated.

(Memorandum of the Minister of Fisheries, November 8th, 1948, and accompanying documents).

7. THE COMMITTEE noted the report of the Minister of Fisheries for consideration at a later meeting.

J. R. BALDWIN

[PIÈCE JOINTE 1/ENCLOSURE 1]

R.A.M./Vol. 2

Mémorandum du ministère des Transports

Memorandum by Department of Transport

Ottawa, November 8, 1948

IX. NEWFOUNDLAND RAILWAY

1. *Management*

In discussions held in Ottawa in 1947, the report submitted by officials of the Canadian National Railways recommended that the Newfoundland railway and steamships form a division of the Canadian National Railways, in charge of a division superintendent with headquarters at St. John's. The division superintendent would have reporting to him appropriate officers for rail and steamship operation; for maintenance of rolling stock and of steamships and for maintenance of way and structures. Traffic, accounting and other departments not under the executive jurisdiction of the operating department would be represented by appropriate officers located in St. John's, but reporting to departmental offices at regional headquarters in Moncton, thereby conforming with standard Canadian National organization. The Newfoundland delegation now proposes that the Canadian National establish a complete new region (similar to the Atlantic Region), which would embrace all railway and steamship operations now under the jurisdiction of the Newfoundland state railway, with direct line of authority from Montreal headquarters and not from Moncton, the headquarters of the Atlantic Region.

Canada cannot recommend that the general manager of the railway should have the status of regional manager, coming under the direct supervision of the head office at Montreal. The principal points of contact of the line on the Island are with the Atlantic Region, and there will, therefore, naturally be a close association between the two territories. It is not anticipated that any complications, delays or difficulties will arise in the administration of the Newfoundland lines and railway steamship services as a result of the officer in charge thereof having to report to the Vice-President and General Manager at Moncton instead of to an officer in Montreal. It is felt that a more efficient form of administration will be attained by the method originally proposed in 1947 than by setting up Newfoundland as a separate region reporting to Montreal.

2. *Freight Rates*

In accordance with Section 16 (2) of the proposed arrangements for the entry of Newfoundland into Confederation, railway services and railway rates over the Newfoundland railway will be subject to regulation by the Board of Transport Commissioners of Canada, and according to Section 16 (3) of the same proposed arrangements, the movement of through traffic between North Sydney and Port-aux-Basques will be treated as all-rail traffic, and the Island of Newfoundland will be considered as within the Maritime Region for the purposes of the Maritime Freight Rates Act. This is as much as Canada can agree to at the present time. The railway officers' visit to Newfoundland has been postponed due to the railway strike, thus preventing a complete review of the freight rates being made immediately.

In the normal course of events, the Canadian National Railways will publish through tariffs and local tariffs affecting railway operations in Newfoundland; if, as a result of such publication, rates are considered not to be fair and reasonable, or if unfair discrimination is created thereby, the matter could be brought to the attention of the Board of Transport Commissioners for remedy. At the present time it is neither desirable nor expedient to attempt to define these matters.

Particular reference is made to the following phrase in the Newfoundland delegation's memorandum: "the extended railway mileage basis should also apply throughout the Newfoundland System so as to include transfers to coastal steamers at terminals for delivery to all ports along the coast." If this is intended to mean that railway freight rates should apply to coastal services, there is no precedent for such action in Canada. Under existing legislation, the Board of Transport Commissioners has no authority over coastal steamship services or rates.

3. *Freight Movements*

(i) and (ii) After confederation, the Canadian National will be entrusted with the responsibility for operating the Newfoundland railway and coastal steamship services. It will be their responsibility to see that service commensurate with the traffic offering is furnished. It is impossible at this time to define in detail the nature and extent of these services or what additions may be needed in facilities.

(iii) It will be appreciated that this is a matter which is beyond the control of the Canadian National Railways. It should be the subject of an application to the

Board of Transport Commissioners which has jurisdiction over the Sydney and Louisburg Railway.

(iv) The Canadian National (West Indies) Steamships would certainly not discriminate at Halifax as between shipments of fish to the West Indies. All shippers would receive equal treatment.

4. *Express Rates*

The same comments apply here as with regard to Section 2, Freight Rates.

5. *Passenger Rates*

The same comments apply here as with regard to Section 2, Freight Rates.

[PIÈCE JOINTE 2/ENCLOSURE 2]

R.A.M./Vol. 2

Mémorandum du ministre des Pêcheries au Cabinet

Memorandum from Minister of Fisheries to Cabinet

Ottawa, November 8, 1948

RE: DOCUMENT SUBMITTED BY NEWFOUNDLAND DELEGATION

II. FISHERIES

(1) Newfoundland Fisheries Board

The Minister of Fisheries would recommend that the terms of Union provide:

(a) That, subject to repeal or amendment by the Parliament of Canada, with the concurrence of the Government of the Province, such parts of the laws of Newfoundland as relate to the export marketing of salted fish from Newfoundland to any other country or to any Province of Canada and as contained in the Newfoundland Fisheries Board Act, No. 11, 1936, An Act Further to Amend the Newfoundland Fisheries Board Act 1936, No. 37, 1938, An Act Respecting Permits for the Exportation of Salt Fish, No. 10 of 1942, An Act Further to Amend the Newfoundland Fisheries Board Act, 1936, No. 39 of 1944, An Act Further to Amend the Newfoundland Fisheries Board Acts 1936-38, No. 16 of 1944 and An Act Further to Amend the Newfoundland Fisheries Board Act 1936, No. 42 of 1944, shall be continued, and administered by the Newfoundland Fisheries Board, for a period of five years from the date of Union and thereafter until such time as the Parliament of Canada otherwise enacts, and that all Rules, Regulations and Orders made under the said Acts and in effect at the date of Union shall continue until repealed or amended in accordance with the provisions of the said Acts.

(b) That except as hereinbefore provided, all the powers in relation to the fisheries of Newfoundland that would ordinarily be Federal powers under the British North America Acts 1867-1946, for example the protection of fisheries, inspection of products moving in interprovincial or foreign trade and the plants where such products are processed, as well as the regulation of trade and commerce in fish generally shall be exercised by the Federal Government from the date of union or such later date as Canadian statutes relating to these subjects are applied to Newfoundland.

(c) That the powers of the Governor in Commission and of the Commissioner for Natural Resources under the said Acts shall be vested in and may be exercised by the Governor General in Council and by the Minister of Fisheries respectively.

(d) That the Chairman or a member or members of the Newfoundland Fisheries Board shall in Newfoundland perform the duties of the Chief Supervisor of the Department of Fisheries and of Chief Inspector. The other employees of the Board shall become employees of the Department of Fisheries in positions comparable to those of the employees of the Department in other parts of Canada.

(2) European Sales

This is the responsibility of the Committee on Finance.

(3) Bait Service

As a means of encouraging the fisheries, the Minister of Fisheries is prepared to recommend that the bait service, as presently maintained in Newfoundland, be taken over by the Federal Government, and that the present policy relating to the purchase of bait and resale to Newfoundland fishermen, be continued.

(4) Inland Fisheries

The Minister of Fisheries indicated to the delegation the various procedures used in different Canadian provinces, and the different federal-provincial arrangements that are possible, so that the province of Newfoundland may elect the system to be followed: it is likely that the same arrangements will be made as in Nova Scotia.

R. W. MAYHEW

769. PCO-CRF

Mémorandum du président, le comité de direction, le Comité interministériel sur Terre-Neuve, au président, le Comité du Cabinet sur Terre-Neuve

Memorandum from Chairman, Steering Committee, Interdepartmental Committee on Newfoundland, to Chairman, Cabinet Committee on Newfoundland

SECRET Ottawa, November 10, 1948

FINANCIAL ARRANGEMENTS WITH NEWFOUNDLAND

It is understood that a decision has been arrived at to increase the transitional grants to Newfoundland as a means of bridging part of the prospective budget gap in the early period. It is suggested that this might be coupled with safeguards (a) to assure that Newfoundland will do its share by raising new taxation; (b) to avoid wasteful dissipation of the accumulated surplus.

Provincial taxation

2. The Newfoundland delegation seem to have no desire that the Newfoundland people should escape a fair tax burden for provincial services. But some of

them argue that they cannot give assurances that adequate taxes will be raised since they are not a government. Some of them, including the Chairman, say that it would be impossible for the Commission of Government as one of its last acts to impose new taxes to be effective after union. Others of the delegation seem to feel that this should and could be done.

3. It may be observed that if no new taxes (e.g. a gasolene tax and a sales tax) are imposed at the time customs taxes are taken off or reduced, it will be very difficult to impose taxes later when the effect will be to raise prices, and especially when there will be a large surplus that might be drawn on instead. Further, if a sales tax is not imposed at union it is doubtful if it could be put into force within six or eight months after union, since the legislature could not meet before July and since the organization of an administrative system for collection would take considerable time.

4. It is suggested, therefore, that when the Newfoundland delegation is informed of the proposal to increase the transitional grant they should be pressed for assurance that taxes to meet generally Newfoundland's share of the prospective budget gap in current account will be imposed as from the date of union.

5. If no assurances of this kind can be given by the Newfoundland delegation, it would seem desirable to provide some sort of penalty for failure to raise taxes. One way might be to provide that the increase in the transitional grant would lapse after the first year unless new taxes to meet Newfoundland's share of the current account deficit were imposed. It is recognized that a penalty of this kind would be much less desirable than the course suggested in the preceding paragraph, but it might serve to stiffen a provincial government to resort to taxation, if no arrangements can be made for new taxes as from the date of union.

6. *The Surplus*

Assuming that the federal Government takes over the sterling deposits held by Newfoundland and pays Newfoundland dollars instead, and assuming that Newfoundland is left with the full revenue from income taxes for 1948, (due April 1, 1949) Newfoundland will have an accumulated surplus of some $35.0 million. The only restrictions on its expenditure provided in the terms offered last year, are that one-third shall be set aside for meeting budget deficits during the first eight years, and that the surplus shall not be used to subsidize Newfoundland products in competition with the products of other provinces.

7. $35.0 million cash would be a temptation to any provincial government; it will be a very serious temptation to a government and legislature quite inexperienced in managing public funds.

8. It is recognized that effective controls on use of the surplus which would not at the same time be unduly restrictive on a provincial government would be difficult to work out, and at best might prove to be unpopular. It is suggested however that consideration should be given to attaching to the increased transitional grants the condition that the surplus should not be drawn upon to offset reasonable taxation. One way might be to limit withdrawals in any one year to, say, $4.0 million or $5.0 million.

9. It might be useful to appoint a small joint committee to explore the situation with respect to arrangements for provincial taxation and the surplus.

R. A. MacKay

(It proved impossible to arrange a meeting of the Steering Sub-Committee on these proposals, but they have been discussed with Messrs. Sharp, Coyne, Skelton, and Howes. While none of these can be held responsible for the proposals, it is felt that they represent a consensus of opinion among the above members of the Committee.)

R. A. M[acKay]

770. C.D.H./Vol. 60

Mémorandum du sous-ministre adjoint du Commerce au ministre du Commerce

Memorandum from Assistant Deputy Minister of Trade and Commerce to Minister of Trade and Commerce

Ottawa, November 10, 1948

I am attaching some memoranda from Mr. MacKay that deal with the problem of the Newfoundland financial gap. I am in general agreement with Mr. MacKay's memorandum to Mr. St. Laurent of November 10th, that is, I think Newfoundland should be expected to meet its share of the financial gap by raising new taxation and should if possible not be allowed to avoid this by simply dissipating its accumulated surplus.

The problem would appear to be that of securing firm agreement from Newfoundland authorities to that effect. It seems clear that it would be considered an infringement of provincial autonomy to specify the provincial taxes which Newfoundland would be required to levy after Confederation. It is also clear that the Commission of Government is not prepared to impose the taxes before Confederation, although I am not so convinced that this is unreasonable.

On the other hand, it seems important to provide for additional taxation at the same time that the tariff is removed. The precedent of the Bank of Canada Report on the Financial Position of the Prairie Provinces in 1937 may be useful. In that case the Bank's report found, in substance, that Saskatchewan was taxing at a somewhat lower level than other provinces, and the formal recommendation of the Report was as follows:

"It would appear to us that in the case of the Province of Saskatchewan, the Dominion Government would be justified in extending temporary financial aid. As indicated in Paragraph 5 of this summary, however, we believe that Saskatchewan itself should also make a contribution towards providing additional funds for current requirements."

It was understood informally between the Dominion and Saskatchewan representatives that this additional contribution would be the imposition of a sales tax, which was done by Saskatchewan. The analogy is not quite complete of course

because the Saskatchewan supplementary subsidy was an annual vote, while the proposed transitional Newfoundland subsidy will be for twelve years.

I would doubt whether Dr. MacKay's proposal that withdrawals from the surplus should be limited to, say, $3,000,000 a year is either feasible or desirable. It not only smacks of loan control and tutelage which would be resented by all provinces, but seems to me unrealistic in the light of Newfoundland's probable capital requirements.

A. S[KELTON]

771. R.A.M./Vol. 3

Procès-verbal d'une réunion entre le Comité du Cabinet et la délégation de Terre-Neuve

Minutes of a Meeting between Cabinet Committee and Delegation of Newfoundland

SECRET

MINUTES OF A MEETING OF THE CABINET COMMITTEE AND THE NEWFOUNDLAND DELEGATION HELD IN ROOM 497, PARLIAMENT BUILDINGS, ON WEDNESDAY, NOVEMBER 10, 1948, AT 4.00 P.M.

PRESENT:[58]

. . .

I. NEWFOUNDLAND IMPORTS; SPARE PARTS

1. THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION, referring to Canadian statements received, emphasized the importance of maintaining the importation into Newfoundland of spare parts and ancillary equipment necessary to keep in operation essential machinery and equipment already in Newfoundland and enquired regarding the effect of the Canadian programme of import restrictions in this connection.

2. THE MINISTER OF FINANCE stated that no difficulty was foreseen in this connection; none had taken place in Canada. Generally, it was not the intention of the government to have import restrictions interfere with the normal operations of machinery and equipment already in Canada. This point would be confirmed.

3. THE MEETING agreed that the report of the Minister of Finance be confirmed and notice of such confirmation be forwarded to the Newfoundland delegation.

II. PUBLIC BUILDINGS

4. THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION, referring to the Canadian statement on public buildings (Section XVIII, Newfoundland brief),

[58]Le ministre des Travaux publics, Alphonse Fournier, et le ministre des Transports, Lionel Chevrier, ont aussi participé à cette réunion.

[58]The Minister of Public Works, Alphonse Fournier, and the Minister of Transport, Lionel Chevrier, were also present.

pointed out that a large number of the public buildings in Newfoundland were presently occupied by services which would in part become federal and in part provincial and suggested the desirability of some agreement on the ownership and operation of such buildings after union. The principle of "major user" had been suggested for determination of ownership.

5. THE CHAIRMAN OF THE CABINET COMMITTEE agreed that some principle for equitable division should be determined and suggested various possibilities, such as a division based on total value and overall percentage of federal and provincial use.

6. THE MEETING agreed that the Department of Public Works and appropriate officials of the Newfoundland government should forthwith seek to determine equitable principles and methods for settlement of this question.

III. MARINE HOSPITALS

7. THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION, referring to the further Canadian statement on marine hospitals, requested clarification of the final sentence relating to Department of Veterans Affairs assistance, in comparison with the statement in this connection contained in the report of the Veterans Affairs Sub-Committee.

8. THE MINISTER OF VETERANS AFFAIRS pointed out that responsibility for hospitalization of veterans rested with the federal government; if it was apparent that a need for extra beds for veterans existed in Newfoundland, these would be provided through extension of an existing hospital but final decision depended upon on-the-spot investigation.

9. THE MEETING noted with approval the statement by the Minister of Veterans Affairs.

IV. NEWFOUNDLAND RAILWAY; RATES

10. THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION, referring to the Canadian statement on the Newfoundland Railway, emphasized the desirability of having a tentative estimate of the effect of confederation on Newfoundland railway rates.

The importance of the rates charged by coastal boats had already been emphasized and should not be overlooked since the coastal transportation system was an integral part of Newfoundland transportation.

11. THE MINISTER OF TRANSPORT pointed out that the future Newfoundland railway rate structure would be established by application from the Canadian National Railways to the Board of Transport Commissioners which would hold a hearing and decide thereon. The rates paid by Newfoundland would then be based on the rate structure approved and would, of course, be reduced by 20% where governed by the Maritime Freight Rates Act.

12. THE CHAIRMAN OF THE CABINET COMMITTEE pointed out that, while the Canadian statement on coastal shipping rates indicated that the federal government had no jurisdiction in this matter, difficulties arising out of present federal subsidies to coastal shipping, uneconomic and unregulated competition and rates, and similar matters, had led the government to initiate, through the Canadian

Maritime Commission, a review to see what further action, e.g. control of franchises or rates, would be necessary and desirable.

13. THE MEETING noted the comments of Mr. St. Laurent and Mr. Chevrier and agreed that appropriate officials of the Newfoundland Railway and the Canadian National Railways should, without prejudice to any basic rate structure which might ultimately be established for Newfoundland, consult with a view to determining the effect of union on Newfoundland railway rates on the assumption that the present situation remained unchanged.

V. CLARENVILLE BOATS

14. THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION referred to the Canadian statement on the Clarenville boats and emphasized the importance in the Newfoundland economy of the transportation services provided by these vessels, particularly the importance of direct shipments of fish from Newfoundland to the West Indies.

15. THE MINISTER OF TRADE AND COMMERCE pointed out that, while direct service between Newfoundland and the West Indies would doubtless depend on business available, the Canadian government was fully aware of the importance and value of the services provided by the Clarenville boats. Although not anxious to have these come under national railway operation, the government desired to find some solution which would not interfere with their present utility.

16. THE MEETING noted the statements by the Chairman of the Newfoundland delegation and the Minister of Trade and Commerce.

VI. FINANCIAL POSITION OF PROVINCE

17. THE CHAIRMAN OF THE CABINET COMMITTEE reported that consideration had been given to the situation revealed by the reports on the financial position of Newfoundland as a province. It appeared that any extra assistance which might be provided by the federal government should be on the basis of a supplement to the transitional grants covering possibly the eight-year period following Confederation, before the end of which a Royal Commission on Newfoundland was to be appointed under the arrangements proposed in 1947.

It was to be assumed that both the Canadian and Newfoundland representatives wished to find some solution which would make the provincial financial position manageable. In this connection the Canadian representatives wondered if an additional sum of $16 1/2 million spread over this eight-year period would meet the situation. The manner in which this amount was spread over the period would be a matter for discussion although tentatively it had been suggested that payments might be on the basis of $3 million a year for the first three years reducing by $1/2 million annually thereafter.

18. THE MEETING agreed that this suggestion be considered by the Newfoundland delegation.

J. R. BALDWIN

772. R.A.M./Vol. 3

Procès-verbal d'une réunion du Comité du Cabinet sur Terre-Neuve

Minutes of a Meeting of the Cabinet Committee on Newfoundland

SECRET

A meeting of the Cabinet Committee on Newfoundland was held in the Privy Council Chamber at 3 p.m., on Friday, November 12th, 1948.

PRESENT:

. . .

ALSO PRESENT:

Mr. C.J. Burchell, Canadian High Commissioner in Newfoundland,
Mr. Stewart Bates, Deputy Minister of Fisheries,
Mr. R.A. MacKay, Department of External Affairs,
Mr. M.W. Sharp, Department of Finance,
Mr. S.V. Ozere, Department of Fisheries.

I. FISHERIES

1. THE MINISTER OF FISHERIES submitted recommendations with respect to questions raised by the Newfoundland brief. (Item II — Fisheries — sub-sections 1, 3 and 4). Copies of the report were circulated.

A report had also been prepared setting forth answers to various subsidiary questions relating to fisheries raised by the Newfoundland delegation.

Copies of these reports were circulated.

(Report of the Minister of Fisheries, November 6th, 1948;† memorandum of the Minister of Fisheries, November 8th, 1948).[59]

2. THE COMMITTEE, after discussion, agreed that the reports submitted by the Minister of Fisheries be forwarded to the Newfoundland delegation.

II. FINANCIAL QUESTIONS

3. THE MINISTER OF NATIONAL DEFENCE said that in conversations with the Chairman of the Newfoundland delegation, the latter had stated that the delegation was considering the following further suggestions:

(a) Supplementary Transitional Grants — The $16,500,000 Supplementary Transitional Grant might be spread over the first six rather than the first eight years following union; this to be followed by a further grant of $2,750,000. This in effect would mean that the total supplementary grants would be $19,250,000.

(b) Pensions — The delegation was anxious that consideration be given to the proposal that the federal government assume full financial responsibility for pensions of Newfoundland civil servants who would become federal employees following union.

(c) Transfer of Accounts — Certain proposals would be made respecting recoverable working capital and other capital advances.

[59]Voir la pièce jointe 2, document 768.

[59]See enclosure 2, Document 768.

(d) Accumulated Financial Surplus — A majority of the delegation would favour the conditions set forth in Clause IX of the Proposed Arrangements being made more restrictive.

(e) Special Customs Duty — The possibility of a Special Customs duty being imposed upon all goods entering Newfoundland following union for a specified period.

4. MR. ST. LAURENT said that the Canadian government should not agree to a Supplementary Transitional Grant in excess of the $16,500,000 previously suggested.

Insofar as pensions to Newfoundland civil servants who would become federal employees following union were concerned, a proposal might be put forward to the effect that in the case of an employee having served under both the Newfoundland government prior to union and the Federal government following union, the Canadian government might assume the full cost of the government's contribution to his pension but that the provincial government would have to provide for the employee's portion of the contributions which the latter would normally have made had he been under the Civil Service Superannuation Act.

5. THE COMMITTEE, after discussion, noted Mr. Claxton's report and agreed to the proposals put forward by Mr. St. Laurent.

III. VETERANS BENEFITS

7. [*sic*] THE MINISTER OF VETERANS AFFAIRS enquired whether some decision could be reached as to the granting to Newfoundland veterans of the following benefits:

(a) Awaiting Returns

(b) Gratuities

(c) Re-establishment Credit

8. MR. ST. LAURENT suggested that gratuities should not be extended to Newfoundland veterans but that, taking all circumstances into consideration, it would be difficult to withhold granting Awaiting Returns Benefits and Re-establishment Credits to Newfoundland veterans following union.

9. THE COMMITTEE, after discussion, noted with approval Mr. St. Laurent's suggestion.

IV. DOUBLE TAXATION

10. THE MINISTER OF FINANCE proposed that broadly speaking Canada would apply to Newfoundland the same principles of tax remission as were applied to Canadians generally in 1943 when the pay-as-you-earn system was introduced. The procedure would be as follows:

(a) Deduction at source to begin July 1, 1949.

(b) Individual income tax on earned incomes and unearned incomes up to $3,000 for 1949 to be 50% of tax payable on full 1949 income.

(c) On unearned incomes in excess of $3,000 no remission, i.e.,

Canada would collect 3/4 of tax payable for full year 1949 at Canadian rates,

Newfoundland would collect 1/4 of tax payable for full year 1949 at Newfoundland rates.

(d) No remission of corporate tax — i.e.,

Canada would collect 3/4 of tax payable for full year 1949 at Canadian rates,

Newfoundland would collect 1/4 of tax payable for full year 1949 at Newfoundland rates.

Under this plan Newfoundland would participate in relief of the burden of paying full arrears and full current tax by foregoing three months individual income tax as set out above. Canada would participate to same extent.

Newfoundland would receive as collected its tax on unearned incomes in excess of $3,000 and corporate tax in respect of the first three months of 1949.

11. The Committee, after discussion, noted with approval the proposal set forth by the Minister of Finance.

V. GOVERNMENT CONTRACTS

12. The Minister of Finance suggested that it would be impossible for the Federal government to guarantee continuance of the various contractual exemptions granted by the Newfoundland government prior to union. In most if not in all cases, these contracts would have to be renegotiated by the Federal authorities and the companies involved.

13. The Committee, after discussion, noted with approval the proposal set forth by the Minister of Finance.

VI. EUROPEAN SALES OF FISH

14. The Minister of Finance stated that the Department of Finance had given careful consideration to the problem of Newfoundland's exports of salt fish to sterling countries. These markets were obviously of great importance to Newfoundland's economy but at the same time the government could not now indicate in what way the problem would be met.

It was suggested that the Newfoundland delegation be assured that the Federal government would give immediate and serious consideration to this question.

15. The Committee noted Mr. Abbott's statement with approval.

VII. REPATRIATION OF STERLING SURPLUS

16. The Minister of Finance said that the question of repatriation of Newfoundland's sterling surplus would be a matter for decision by the Federal government. The delegation might be assured, however, that when the Federal government did repatriate the sterling surplus, the proceeds would be made available to Newfoundland in dollars.

17. The Committee noted with approval the statement made by the Minister of Finance.

J. R. Baldwin

773. R.A.M./Vol. 3

Procès-verbal d'une réunion entre le Comité du Cabinet et la délégation de Terre-Neuve

Minutes of a Meeting between Cabinet Committee and Delegation of Newfoundland

SECRET

MINUTES OF A MEETING OF THE CABINET COMMITTEE AND THE NEWFOUNDLAND DELEGATION HELD IN ROOM 497, PARLIAMENT BUILDINGS, ON SATURDAY, NOVEMBER 13TH, 1948, AT 10 A.M.

PRESENT:[60]

. . .

ALSO PRESENT:

Mr. C.J. Burchell, Canadian High Commissioner in Newfoundland
Mr. Stewart Bates, Deputy Minister of Fisheries
Mr. S.V. Ozere, Department of Fisheries
Mr. C. Stein, Department of Justice.

I. FISHERIES

1. THE MINISTER OF FISHERIES submitted a report relating to the Fisheries Board, the Bait Service and the Inland Fisheries of Newfoundland. These questions had been raised by the Newfoundland delegation in their memorandum of October 1948 (Item II).

Copies of the report had been circulated.

(Report of the Minister of Fisheries, November 8th, 1948).

2. MR. MAYHEW also submitted a report respecting several miscellaneous matters related to fisheries which had been raised by the delegation.

(Memorandum of the Minister of Fisheries, November 6th, 1948).†

3. MR. WALSH said that this report was acceptable to the Newfoundland delegation, subject to consultation with Mr. Gushue on a few lesser points.

4. THE MEETING noted the report of the Minister of Fisheries and the statement by the Chairman of the Newfoundland delegation.

VI. CLARENVILLE BOATS — TRANSPORTATION

14. THE MINISTER OF NATIONAL DEFENCE referring to a letter dated November 12th, 1948, from the Newfoundland delegation said that as had previously been stated, the Canadian government was fully aware of the economic importance of continued operation of the Clarenville Boats and that prompt consideration would be given to this problem. It was possible that some solution might be found before union.

As for the maintenance of an efficient freight and passenger service between North Sydney and Port-aux-Basques, while it was felt that no practical purpose would be served in changing the wording of the proposed arrangements for union in this respect, the delegation could be assured that it was the government's intention to maintain a passenger and freight steamship service between those two points.

15. THE MEETING, after discussion, noted the remarks made by the Minister of National Defence.

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[60]St. Laurent et Howe étaient absents.

[60]St. Laurent and Howe were absent.

VII. MISCELLANEOUS REPORTS REQUESTED BY THE NEWFOUNDLAND DELEGATION

16. THE MINISTER OF NATIONAL DEFENCE stated that the Newfoundland delegation had requested further reports on several questions. These were being dealt with as follows:

(a) *Railway rates* — An interview between C.N.R. officials and Captain Dalton and Mr. Forsey of the Newfoundland railway was being arranged by the Minister of Transport.

(b) *Public Buildings* — As had been agreed previously, this matter was being considered by the Canadian and Newfoundland departments of Public Works with a view to recommending a basis for determining ownership.

(c) *Certification of masters and mates under the Canada Shipping Act* — This matter was under consideration by the Department of Transport and a reply would be forthcoming shortly.

(d) *Federal Taxes* — Questions raised by the delegation in letters of November 4th and 10th were presently under consideration by the sub-committee on Finance and Economic Policy; a reply would be forthcoming shortly.

17. THE MEETING noted the statements by the Minister of National Defence.

VIII. TERMS OF UNION

18. THE MINISTER OF NATIONAL DEFENCE said that a fifth draft of the Terms of Union had now been prepared by the Legal sub-committee in consultation with members and advisers of the Newfoundland delegation.

Given a decision on outstanding items such as the overall financial settlement and the fisheries question, the terms could probably be completed for consideration early the following week.

19. THE MEETING noted Mr. Claxton's report.

IX. EUROPEAN SALES OF FISH

20. THE MINISTER OF FINANCE, referring to Item II, section 2 of the Newfoundland brief, said that the government were fully aware of the problem involved in the continued marketing of Newfoundland's salt fish in soft currency countries, particularly in view of the fact that such a large percentage of Newfoundland's salt fish was marketed in Portugal and Spain which were not E.R.P.[61] recipient countries. It was not possible to say now what the solution to the problem would be. All the government could say was that the problem would have to be met; decision as to method must be explored further. Further consideration would be given to this matter before the next meeting.

21. THE MEETING noted the statement by the Minister of Finance.

X. REPATRIATION OF STERLING SURPLUS

22. THE MINISTER OF FINANCE reported that the delegation had enquired as to how and when the federal government would repatriate the $9,000,000 of the Newfoundland surplus held in the blocked sterling account in the United Kingdom.

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[61] European Recovery Program.

There were several possible alternatives which might be used but the government could not now give any indication as to method or timing. This matter must be explored with the U.K. government. Proceeds in dollars, however, would be made available to Newfoundland as and when repatriated.

23. THE MEETING noted the report of the Minister of Finance.

XI. DOUBLE TAXATION

24. THE MINISTER OF FINANCE reported that the Canadian government felt that the most equitable solution to the problem of avoiding double taxation in Newfoundland at the time of union would be to follow the principles of tax remission applied to Canadians in 1943 when the pay-as-you-earn system was introduced. This, in effect, would mean that Newfoundland would forgive individual income taxes for the period January 1st to March 31st, 1949, and that the federal government would forgive these taxes for the period April 1st to June 30th, 1949.

A report setting out the scheme in detail would be circulated with the minutes.

(Report on change-over and avoidance of double taxation (Item XX), November 12th, 1948).[†]

25. THE MEETING noted the report by the Minister of Finance.

XII. CIVIL SERVICE PENSIONS

26. THE MINISTER OF FINANCE stated that the Newfoundland delegation had suggested that the federal government assume full financial responsibility for pensions of Newfoundland civil servants becoming federal employees following union.

The Canadian government did not feel it could assume this full responsibility but would be prepared, in the case of an employee having served under both the Newfoundland government prior to union and the federal government following union, to assume the full cost of government contributions to his pension provided the provincial government would pay the employee's portion of the contributions which the latter would normally have made had he been under the Civil Service Superannuation Act.

27. THE MEETING noted the proposal put forward by the Minister of Finance.

XIII. GOVERNMENT CONTRACTS

28. THE MINISTER OF FINANCE stated that it would not be possible for the federal government to make any commitment regarding continuation of the various contractual tax and customs exemptions granted to private companies by the Newfoundland government prior to union.

29. MR. WALSH pointed out that if the exemptions were not continued by the federal government, the new provincial government might be subject to breach of contracts suits. The federal government might undertake to compensate the provincial government for any damages arising out of such litigation.

30. THE MEETING, after discussion, noted the statements by the Minister of Finance and the Chairman of the Newfoundland delegation.

XIV. SUPPLEMENTARY TRANSITIONAL GRANTS

31. THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION reported that the additional transitional grant of $16,500,000 suggested by Mr. St. Laurent at the last meeting had been considered by the Newfoundland delegation. In view of the fact that the amount of the supplementary grant had been calculated on the basis of the six-year figures submitted by the delegation, it was felt that the $16,500,-000 might be spread over a period of six rather than eight years following union, with the federal government providing an additional $2,750,000 for the seventh and eighth years.

32. THE MINISTER OF FINANCE stated that the supplementary grant of $16,-500,000 was as far as the government felt it could go. The government would have no objection however, to considering a different manner of dividing the payments from that suggested by Mr. St. Laurent.

33. MR. WALSH suggested that the supplementary grant might be paid at the rate of $2,500,000 in the first year and $2,000,000 yearly for seven years thereafter.

34. THE MEETING, after discussion, noted the proposal put forward by Mr. Walsh for consideration by the Canadian Cabinet Committee.

XV. SPECIAL TRANSITIONAL CUSTOMS DUTY — CONTROL OF SURPLUS

35. THE MINISTER OF NATIONAL DEFENCE stated that the Newfoundland delegation had indicated that some thought had been given to the following financial questions:

(a) *Special Customs Duty* — The possibility of a special customs duty being imposed by the federal government on behalf of the province upon all goods entering Newfoundland during a specified period following union prior to the meeting of the first legislature.

(b) *Control of Surplus* — The conditions set forth in Clause 9 of the Proposed Arrangements might be made more restrictive.

36. THE MINISTER OF FINANCE said that insofar as the Special Customs duty was concerned, the Department of National Revenue had indicated that there were practical difficulties, but that the matter was still under consideration.

Insofar as the accumulated financial surplus was concerned, the government would probably have no objection to the conditions governing the use of the surplus being made more restrictive at the request of the Newfoundland delegation.

37. THE MEETING noted the report by the Minister of National Defence and the statement by the Minister of Finance.

XVI. TRANSFER OF ACCOUNTS

38. THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION submitted a report respecting recoverable working capital and other capital advances.

(Newfoundland delegation's report on recoverable working capital, undated).†

39. THE MINISTER OF NATIONAL DEFENCE suggested that this problem was one for discussion and settlement at the departmental level by officials of the Canadian and Newfoundland governments.

40. THE MEETING noted the report submitted by Mr. Walsh and agreed that it be transmitted to the Department of Finance and appropriate Canadian officials for attention.

XVII. ROYAL COMMISSION

41. MR. WALSH, referring to Clause 14 of the Proposed Arrangements, suggested that the terms regarding the Royal Commission to be appointed within eight years of union might be changed to ensure appointment in the sixth year following union.

42. THE MEETING noted the proposal of Mr. Walsh for consideration by the Canadian Cabinet Committee.

XVIII. NEXT MEETING

43. It was agreed that the next full meeting be held the following Tuesday, November 16th, at 3 p.m., in Room 497, Parliament Buildings.

J. R. BALDWIN

774. 10300-B-40

Mémorandum du président, le comité de direction, le Comité interministériel sur Terre-Neuve, au vice-président, le Comité du Cabinet sur Terre-Neuve

Memorandum from Chairman, Steering Committee, Interdepartmental Committee on Newfoundland, to Vice-Chairman, Cabinet Committee on Newfoundland

Ottawa, November 15, 1948

NEWFOUNDLAND — INCREASE IN TRANSITIONAL GRANT

I understand that the arrangement agreed to at Saturday's meeting with the Newfoundland delegation was that the increased transitional grant should be paid as follows:

$2.5 million for the first year and

$2.0 million annually for the next seven years

$16.5 million.

2. I suggest that this is scarcely in line with the idea of the transitional grant which was that Newfoundland's taxable revenue could only be developed gradually and therefore the grant should taper off. Under the new proposals, at the end of eight years the transitional grant would drop by $2 million plus $350 thousand, or $2,350 thousand in all. This would be seriously disturbing to provincial finance. In consequence, the Dominion Government would probably be under very strong pressure for further additional grants after the eighth year.

3. I suggest further that the new payments would be less easy to defend against existing provinces, since they depart from the tapering off principle followed in the proposed arrangements of last year.

4. While it may be too late to make any change, I suggest that if not consideration might be given to the following alternatives:

(a) The additional subsidy to begin at $2 million for three years and then to taper off by $200 thousand annually for the following nine years, similarly to the payment provided last year. This would amount to only $15 million rather than $16.5 million in additional payments, but the extra $1 1/2 million might be made up to the Newfoundlanders in some other way (e.g., by taking over more of their claims for reimbursement for capital expenditure).

(b) The additional subsidy might begin at $2.5 for three years and then taper off by $250 thousand annually over the twelve-year period. This would mean total additional payments of $18,750 thousand rather than $16,500 thousand.

I should think that either of the above arrangements might be more easily defended in Parliament or to the existing provinces than the proposal agreed to last Saturday.

775. 10300-B-40

Mémorandum du ministère des Affaires extérieures

Memorandum by Department of External Affairs

SECRET Ottawa, November 15, 1948

NEWFOUNDLAND; PROGRESS OF DISCUSSIONS;
REPORT OF CABINET COMMITTEE

At the meeting of the Cabinet on November 15, a report was submitted on the current position of the negotiations with the Newfoundland delegation.

The Cabinet noted the report submitted.

776. B.C./Vol. 119

Procès-verbal d'une réunion entre le Comité du Cabinet et la délégation de Terre-Neuve

Minutes of a Meeting between Cabinet Committee and Delegation of Newfoundland

SECRET

MINUTES OF A MEETING OF THE CABINET COMMITTEE AND THE NEWFOUNDLAND DELEGATION HELD IN ROOM 497, PARLIAMENT BUILDINGS, ON TUESDAY, NOVEMBER 16TH, 1948, AT 3 P.M.

PRESENT:[62]

. . .

[62] Howe était absent.

[62] Howe was absent.

ALSO PRESENT:

Mr. C.J. Burchell, Canadian High Commissioner in Newfoundland,
Mr. W.E. Harris, Parliamentary Assistant to the Prime Minister,
Mr. C. Stein, Department of Justice,
Mr. E.A. Driedger, Department of Justice.

Dean V. MacDonald, Legal Adviser.

I. EUROPEAN SALES OF SALT FISH

1. THE PRIME MINISTER,[63] referring to discussion at the meeting of November 13th, said that the Newfoundland delegation had stated that while the Canadian government could not at this point give any written assurance that exchange difficulties would not interfere with the marketing of Newfoundland's 1949 catch of salt fish in European countries, the federal authorities proposed to request the United Kingdom to continue the present arrangement whereby foreign currencies proceeding from Newfoundland's sales of salt fish in Europe were converted into sterling and deposited in London to Newfoundland's credit. If the British government agreed to continue the present arrangement for the 1949 catch, Canada could undertake to provide Newfoundland with the equivalent in dollars.

2. THE MINISTER OF FINANCE said that he would wish to discuss this matter with the United Kingdom at the same time as other questions relating to the sterling debt. It should be possible to clarify the situation reasonably soon but any formal assurance now might prejudice later settlement.

3. THE MEETING noted the statements by the Prime Minister and the Minister of Finance.

II. GOVERNMENT CONTRACTS

4. THE PRIME MINISTER referring to discussion at the meeting of November 13th, stated that the Canadian government could not, in the terms of union, undertake to compensate the provincial government of Newfoundland for damages sustained by the provincial government in any action that might be brought against the latter in connection with the termination by the federal parliament of contractual exemptions (taxes and customs duties) granted before union.

Union in itself would not affect any of these exemptions, which would continue to operate until such time as the relevant Newfoundland statutes were repealed by the competent authority.

5. THE MINISTER OF FINANCE pointed out that under existing tax rental agreements with the provinces, the Federal government imposed a 30% corporation tax and the provincial governments a 5% corporation tax. In order to prevent any embarrassment to the Province of Newfoundland in a 5% tax on corporations which had been granted exemptions prior to union, it might be possible to amend

[63]Le 15 novembre, Mackenzie King avait donné sa démission comme Premier ministre et fut remplacé par L. S. St. Laurent.

[63]On November 15, Mackenzie King had resigned as Prime Minister and was replaced by L. S. St. Laurent.

the existing tax rental agreements to provide that the federal corporation tax would be 35%.

6. MR. ST. LAURENT suggested that the terms of union might be drafted in such a way that the provincial government of Newfoundland would not be bound to impose taxes which would in effect violate commitments made prior to union.

7. THE MEETING noted the statements by the Prime Minister and the Minister of Finance.

III. SALES TAX ON OLEOMARGARINE

8. THE MINISTER OF FINANCE stated that the government's present policy was to exempt basic food stuffs from federal sales tax. Oleomargarine would no doubt be exempted from this tax in the same manner as other basic food-stuffs in the rest of Canada.

9. THE MEETING noted Mr. Abbott's statement.

IV. TAXATION OF COOPERATIVES

10. THE MINISTER OF FINANCE submitted a report on the taxation of cooperative societies (Item XX, Section 4 of the Newfoundland brief) which stated that for purposes of taxation, credit societies in Newfoundland would be treated in the same manner as Canadian credit unions. Copies of this report would be circulated with the minutes.

(Reports on the Taxation of cooperative societies, November 15th, 1948).[†]

11. THE MEETING noted the report submitted by the Minister of Finance.

V. IMPORTATION OF CERTAIN ARTICLES FROM THE UNITED STATES AND THE UNITED KINGDOM

12. THE MINISTER OF FINANCE submitted a report on the importation of certain articles from the United States and the United Kingdom (Item XXXIX of the Newfoundland brief). Copies of the report would be circulated with the minutes.

Generally the importation of essential commodities could be maintained in adequate quantities wherever it was established that these importations were necessary.

(Report of the Importation of certain articles from the United States and the United Kingdom, November 10th, 1948).[†]

13. THE MEETING noted the report submitted by the Minister of Finance.

VI. POSTS AND TELEGRAPHS

14. THE PRIME MINISTER referring to Item X of the Newfoundland brief (Posts and Telegraphs) said that the Newfoundland delegation had requested an assurance regarding facilities for and cost of telegraph and telephone services to the people of Newfoundland.

The rates and facilities in Newfoundland following union might be expected generally to be on a basis comparable to those obtaining in the rest of Canada. In any event, recourse could always be had to the Board of Transport Commissioners in case of dissatisfaction with either the rates or the services provided.

15. THE MEETING noted the statement by the Prime Minister.

VII. SUPPLEMENTARY TRANSITIONAL GRANTS

16. THE PRIME MINISTER said that the Newfoundland delegation had put forward a proposal to the effect that the suggested $16,500,000 additional transitional grant be paid to the provincial government at the rate of $2,500,000 for the first year and $2,000,000 yearly for seven years thereafter. In effect, this would mean that the transitional grants would drop by $2,350,000 between the eighth and ninth year. This was felt to be undesirable and from the Canadian government's point of view it would be preferable to have the supplementary transitional grants decline gradually as had originally been suggested.

17. THE MINISTER OF FINANCE added that if the provincial government did not wish to avail itself of the full amount allocated in any one year, it could leave the balance on deposit with the Federal government; this balance to bear interest at the current rate.

18. THE MEETING, after discussion, noted the statements by the Prime Minister and the Minister of Finance for consideration by the Newfoundland delegation.

VIII. ROYAL COMMISSION

19. THE PRIME MINISTER, referring to a suggestion of the Newfoundland delegation that the Proposed Arrangements be amended to permit the appointment of the Royal Commission at the end of the sixth year, said that in the Cabinet Committee's view it would be inadvisable to alter the present wording.

20. MR. WALSH suggested that the wording of Clause 14 be changed to provide that the Royal Commission should enquire into the continuance of public services at "appropriate" or "reasonable" levels rather than at the "then prevailing levels" without resorting to taxation more burdensome, having regard to capacity to pay, than that of "the region comprising" the Maritime Provinces.

21. THE MEETING, after discussion, noted the suggestions made by the Prime Minister and the Chairman of the Newfoundland delegation.

IX. ACCUMULATED FINANCIAL SURPLUS

22. MR. WALSH suggested that Clause 9 (2) of the Proposed Arrangements might be amended to provide that the two-thirds of the surplus to be used by the Newfoundland government for developmental purposes, could be spent only in such a way that at least $2,500,000 would be available in each of the eight years following union.

23. THE MEETING noted the proposal put forward by Mr. Walsh for further consideration.

J. R. BALDWIN

777. **10300-B-40**

Mémorandum du ministère des Affaires extérieures

Memorandum by Department of External Affairs

SECRET Ottawa, November 17, 1948

NEWFOUNDLAND DISCUSSIONS; REPORT OF CABINET COMMITTEE

At the meeting of the Cabinet on November 17, it was reported that it was proposed to proceed, immediately after the major points of principle were settled with the Newfoundland delegation, with the preparation of a draft agreement setting forth terms of union. This draft agreement would then be circulated to all Ministers for consideration and subsequently be made available to the delegation. Thereafter the agreement would come before the Cabinet for final approval and authorization of signature.

The Cabinet noted the report submitted upon the proposed procedure with approval.

778. 10300-40

Extraits d'un mémorandum du chef, la direction du Commonwealth britannique

Extracts from Memorandum by Head, British Commonwealth Division

Ottawa, November 17, 1948

NOTE FOR CONVERSATION WITH SIR ALEXANDER CLUTTERBUCK ON NEWFOUNDLAND NEGOTIATIONS

1. *General*

The discussion is going very well and virtually all major issues have been settled, at least provisionally. A plenary session is scheduled for today if Cabinet is over in time. It is anticipated that nearly all the issues will be cleared up at today's meeting for purposes of drafting. McEvoy and Gruchy have gone home for business reasons for a few days, but will return at the call of the chair. Drafting will take ten days or two weeks to complete. Issues on which there is not yet final agreement:

(a) *Double taxation*

. . .

(b) *Contracts for tax concessions*

The Government of Newfoundland recognizes special tax exemption by statute, the most notable case being that of Bowaters, which has an upper limit of $150 thousand taxes whatever its profits. It has also a wide list of customs exemptions. Firm Canadian Government policy is to treat all tax-payers equally, and it is not felt that the Government can depart from this policy, at least to the extent of making any provision in the terms of union. The Newfoundland delegation are pressing strongly for some recognition of these contracts, partly on the ground of sacredness of contract, partly on the ground that Newfoundland might be liable to the companies concerned if the Canadian Government pleaded to levy taxation in excess of those provided under the contract. The Canadian authorities doubt whether there is anything in this last point.

(c) The Newfoundland delegation have asked for reimbursement on a number of capital expenditures made or contracted for since the offer of last year, among them the contract for new railway equipment and capital expenditures at Gander, consumable stores at Gander and the railway. On examination, no serious difficulty has been anticipated.

(d) *Taxation by Newfoundland*

Some new taxation will obviously be required by the Province, e.g., gasolene taxes and possibly a sales tax in lieu of property taxes. The Newfoundland delegation do not question this, but do not feel that the Commission of Government could impose these taxes before they go out of office, except possibly the gasolene tax. If no taxes are imposed as from the date of union, it may be difficult for a new government to impose them afterwards, especially since there is such a large surplus. The Newfoundland delegation have proposed a five per cent customs tax for a stated period, say, nine months. Objections are that it would hold up about 100 customs officials from getting jobs in other departments. (They could be accommodated as immigration officers or in the provincial sales tax organization.) And from the Canadian Government's point of view, there might well be objection in Canada on the ground that it would be a limitation on free trade between the provinces, which is guaranteed by the BNA Act. No practical solution has been found, but it is thought that the following proposals by the Newfoundland delegation may meet the situation.

(e) *Restriction on the use of the surplus*

Assuming that arrangements can be made between the United Kingdom and the Canadian Government for use of Newfoundland's blocked sterling, Canada to make dollars available to Newfoundland in return, and assuming that Newfoundland retains corporation and income taxes payable for this year, Newfoundland will have an accumulated surplus of approximately $20 million. This would be a temptation to any provincial government and particularly to a provincial government and legislature quite inexperienced in handling finance. The Newfoundland delegation are concerned that this should not be wasted and have accordingly proposed that half of the surplus might be tied up for an eight-year period for meeting deficits on current account. No more than $2 1/2 million should be available for this purpose in any one year. This might also have the value of being a moral stimulus to a provincial government to impose taxes.[. . .]

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Minutes of a Meeting between Cabinet Committee and Delegation of Newfoundland

SECRET

MINUTES OF A MEETING OF THE CABINET COMMITTEE AND THE NEWFOUNDLAND DELEGATION HELD IN ROOM 497, PARLIAMENT BUILDINGS, ON THURSDAY, NOVEMBER 18TH, 1948, AT 3 P.M.

PRESENT:[64]

. . .

ALSO PRESENT:

Mr. W.E. Harris, Parliamentary Assistant to the Prime Minister
Mr. R.A. MacKay, Dept. of External Affairs,
Mr. C. Stein, Department of Justice,
Mr. E.A. Driedger, Department of Justice.

Dean V. MacDonald, Legal Adviser,
Mr. H.G. Puddester, Secretary for Justice.

I. APPORTIONMENT OF SUPPLEMENTARY GRANT

1. THE PRIME MINISTER, referring to discussion at the meeting of November 16th, suggested that in order that the transitional nature of the grant might not be lost, it was felt that the annual amounts should decline gradually until the eighth year following union as had originally been suggested.

2. THE MEETING noted Mr. St. Laurent's remarks for further consideration by the Newfoundland delegation.

II. CONDITIONS GOVERNING THE USE OF THE ACCUMULATED SURPLUS

3. THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION, referring to discussions at the meeting of November 16th, said that upon reconsideration the delegation had decided not to propose any more restrictive conditions regarding the use to be made of the accumulated financial surplus by the provincial government of Newfoundland.

4. THE MEETING noted Mr. Walsh's report.

III. NEWFOUNDLAND GOVERNMENT CONTRACTS — TAXATION EXEMPTIONS

5. THE PRIME MINISTER, referring to discussion at the meeting of November 16th, suggested that the Terms of Union should be drafted in such a manner that the Province of Newfoundland would not be required to impose taxes which would be in violation of exemptions granted by predecessor governments.

6. THE MEETING noted the Prime Minister's proposal.

IV. REVIEW OF OUTSTANDING QUESTIONS

7. MR. WALSH said that it might be useful to review those questions which had been raised by the Newfoundland delegation and which had not been dealt with or had been only partially answered.

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[64]Howe, Abbott, Gruchy et McEvoy étaient absents.

[64]Howe, Abbott, Gruchy and McEvoy were absent.

8. THE MEETING, after discussion, noted the items as set out hereunder for disposition as indicated:

Item I — Financial Position of the Province — The delegation's report† on recoverable accounts had been referred to the Department of Finance for consideration; any questions of policy would be referred back to the Cabinet Committee.

Item II — Fisheries

(a) *European sales of fish* — Under consideration by the Minister of Finance as agreed at the meeting of November 16th;

(b) *Bait service* — This service was to be taken over and operated without fundamental change by the Department of Fisheries; if, following union, certain changes were made for the benefit of Canada as a whole, this would be a matter for discussion between federal and provincial authorities.

Item IX — Newfoundland Railway — rates — The Manager of the Newfoundland railway was at present in Canada and was conferring with officials of the Canadian National Railways.

Item XI — Civil Aviation — 5th Freedom Traffic — It was agreed that pending renegotiation of bilateral agreements the Federal government would not place any obstacle in the way of operation of at least one direct air service between Gander and New York.

Item XV — Clarenville boats — Under consideration by the Canadian government as recorded in the minutes of the meeting of November 13th.

Item XVIII — Public Buildings — It was agreed that the principle upon which future ownership of those public buildings which would house both federal and provincial services after union would be the following: an evaluation would be made of the total value of these buildings, and of total proportions of space occupied by federal and provincial services; ownership would be decided by a general division of total value in ratio to total space used. This procedure would entail each government becoming a lessee of the other in certain cases.

Item XX(2) — Avoidance of Double Taxation — Reference was made to the report on the avoidance of double taxation submitted by the Minister of Finance at the meeting of November 13th.†

9. MR. WALSH pointed out that Newfoundland proposed to forgive all income and corporation taxes for the first three months of 1949. The delegation was concerned over the proposal that income for the whole of 1949 would be used as a basis for computing the rate of taxes payable to the Federal Government. This might lead to misunderstanding in Newfoundland in view of the fact that the date of union was March 31st, 1949.

To avoid this difficulty, the Prime Minister suggested that insofar as individual income taxes were concerned, it might be possible to arrive at the same result by doubling incomes for the last six months of the year for purposes of assessment and halving the amount of tax payable. The same procedure might be followed with certain adjustments in the case of unearned incomes in excess of $3,000 and corporation taxes.

Insofar as the collecting and assessing of Newfoundland's 1948 income and corporation taxes were concerned, it was felt that the required staff could remain in the employ of the provincial government for this purpose for a period following union.

Item XXI — Transportation — It was agreed that the Canadian government would maintain a freight and passenger service between Port-aux-Basques and North Sydney.

Item XXII — Pensions — The federal government would make all payments required to be made both by the government and by the employees in respect of service prior to union but that [*sic*] the provincial government of Newfoundland would bear half of the cost of these payments. The provincial government payments would probably become due only on actual payment of the pensions.

It was understood, however, that the pension fund of the Canadian National Railways was a different problem and would require further consideration by the legal sub-committee.

Item XXIV — Education — A clause respecting education had been drafted and would be included in the seventh draft of the Terms of Union.

Item XXXVIII — Federal Taxes — Manufactured goods and raw materials for further manufacture which were in the hands of manufacturers at the date of union and on which duties under the Newfoundland Revenue Act had been paid; the question of sales tax exemption would be answered further.

V. PROCEDURE FOR FUTURE MEETINGS

10. THE MINISTER OF NATIONAL DEFENCE stated that the Drafting Committee had completed the sixth draft of the Terms of Union. It was suggested that the Committee might prepare a seventh draft incorporating decisions arrived at during the course of the present meeting. Copies of this draft would be distributed to all Cabinet ministers, to members of the delegation and to the Deputy Minister of Justice for comments. An eighth draft could then be prepared in the light of comments made and this draft reviewed clause by clause at a full meeting of the Cabinet Committee and the Newfoundland delegation. The time of the meeting would be arranged later.

11. THE MEETING, after discussion, noted with approval the procedure outlined by the Minister of National Defence.

J. R. BALDWIN

780. DF/Vol. 782

Le vice-président, le Comité du Cabinet sur Terre-Neuve, au ministre des Finances[65]

Vice-Chairman, Cabinet Committee on Newfoundland, to Minister of Finance[65]

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[65]Des lettres semblables furent envoyées aux autres membres du Comité du Cabinet.

[65]Similar letters were sent to other members of the Cabinet Committee.

Ottawa, November 22, 1948

My dear Colleague,

I enclose for your consideration a copy of a draft agreement† between the Canadian government and the Newfoundland delegation setting forth terms of union between Canada and Newfoundland.

This draft has been prepared by the appropriate legal authorities and covers provisions agreed tentatively between the Canadian Cabinet Committee and the Newfoundland delegation. It is being circulated at this stage to allow all Ministers an opportunity for review and comment prior to detailed joint consideration by the Cabinet Committee and the Newfoundland delegation. The timetable which has been tentatively set for completion of the discussions with the Newfoundland delegation requires that any comments which you care to offer be forwarded to the Secretary (Mr. Baldwin), Cabinet Committee on Newfoundland, Privy Council Office, by Thursday morning, November 25th. A revised draft will then be prepared and, after discussion and agreement with the delegation, be submitted in a final form to the government for approval.

If officials of your Department wish clarification on any point connected with the draft, they should get in touch directly with Mr. E. A. Driedger of the Department of Justice, a member of the sub-committee which prepared the draft.

I am also sending a copy of this letter, together with the enclosure, to your Deputy Minister.

Yours sincerely,

J. R. BALDWIN
for Brooke Claxton

781. B.C./Vol. 117

Mémorandum du secrétaire, le Comité du Cabinet sur Terre-Neuve, au Comité du Cabinet sur Terre-Neuve

Memorandum from Secretary, Cabinet Committee on Newfoundland, to Cabinet Committee on Newfoundland

CONFIDENTIAL Ottawa, November 22, 1948

Attached hereto, for convenient reference, are copies of three documents which appear to have a bearing on the question of authority of the Newfoundland delegation to negotiate and agree to terms of union. These documents are the following:

1. Despatch of March 2, 1948 from the Secretary of State for Commonwealth Relations to the Governor of Newfoundland (See Paragraph 8).[66]

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[66]Voir la pièce jointe, document 550.

[66]See enclosure, Document 550.

2. Statements issued by the Canada, United Kingdom and Newfoundland governments on July 30 last regarding the results of the referendum on July 22.[67]

3. Excerpt from the *Newfoundland Gazette* of August 10, 1948 announcing the appointment of the Newfoundland delegation.[68]

J. R. BALDWIN

782. PCO-CRF

Mémorandum du sous-secrétaire d'État par intérim aux Affaires extérieures au vice-président, le Comité du Cabinet sur Terre-Neuve

Memorandum from Acting Under-Secretary of State for External Affairs to Vice-Chairman, Cabinet Committee on Newfoundland

SECRET Ottawa, November 23, 1948

PROGRESS OF NEWFOUNDLAND DISCUSSIONS

General agreement has been reached on all major issues and a draft of the proposed terms of union has been circulated for comment to all Ministers, Deputy Ministers, Heads of other agencies of Government concerned, and to the Newfoundland delegation. The draft will be revised in the light of these comments, and it is hoped to have a final draft ready for consideration by Cabinet next week. Assuming approval by Cabinet, it is anticipated that the draft will be ready for signature before the end of next week.

2. The main changes from the "Proposed Arrangements" sent to the Government of Newfoundland on October 29, 1947, are:

(a) An increase in the Transitional Grant to the provincial government for the first eight years. The reason for the increase is that the prospective gap in the Newfoundland budget was found to be considerably larger than was anticipated last year, due largely to the increased cost of government. (This has already been reported to Cabinet and agreed to).

(b) It is proposed that the Newfoundland Fisheries Board, which controls all exports of salt fish, should continue for a five-year period, the Board however to be under the Minister of Fisheries and the Governor in Council to the same extent that it is now under the Commissioner of Natural Resources and the Governor in Commission. No special arrangement was made for Fisheries in the arrangements proposed last year, but it was anticipated that the Newfoundland delegation would request some provision for continuance of the Board, since the Board has been an important agency in stabilizing the industry and a sudden change might have serious adverse effects.

(c) Newfoundland veterans are to be given the same benefits as Canadian veterans, with the exception of gratuities, which were based on rates of pay and length of service, payment of which to the Canadian veterans is now completed.

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[67] Voir les documents 669, 670 et 671.
[68] Voir le document 676.

[67] See Documents 669, 670 and 671.
[68] See Document 676.

The main difference from the "Proposed Arrangements" of last year is the extension to Newfoundland veterans of re-establishment credits. Since it was anticipated that it would probably be impossible in the long run to refuse re-establishment credits to Newfoundland veterans, it was felt desirable to include them in the terms of union.

(d) Provision has been added for a provincial constitution. In general, the Newfoundland constitution which existed prior to February 16, 1934, has been revived except that: there will now be no legislative council; the franchise is to be extended to women over twenty-one years of age; Labrador will be entitled to one member; and except to the extent that legislative and executive power is necessarily transferred to the federal government under the BNA Acts. The legislature of the province is to be called together not later than four months after union, the government in the meantime to be entrusted to a Lieutenant-Governor in Council.

(e) Subject to the provisions of the terms of union, all laws in force in Newfoundland at the date of union shall continue as if the union had not been made, subject to repeal or amendment by the Parliament of Canada or by the legislature of the province, as the case may be. Statutes of the Parliament of Canada in force at the date of union shall come into force in Newfoundland by proclamation by the Governor in Council.

3. Consideration has been given to including in the terms of union provision for the imposition of appropriate and reasonable taxation by the province at union or at an early date thereafter, but no satisfactory solution has been found to this problem. It has, therefore, been concluded that the provincial government and legislature should be left full responsibility in this respect.

4. Two issues of considerable importance still remain to be resolved:

(a) *Sale of salt fish in European markets*

The Newfoundland delegation has requested assurance that for at least a year after union exchange will be available to facilitate the sale of salt fish in traditional sterling markets. It is felt that the government could not give any written assurance to this effect, but it is proposed to request the United Kingdom to continue for another year the present arrangement whereby the proceeds of Newfoundland's sales of salt fish in Europe were converted into sterling deposited to Newfoundland's credit in London. If the United Kingdom will agree to continue this arrangement the Canadian Government can undertake to provide Newfoundland the equivalent in dollars.

(b) *Recognition of statutory tax exemptions*

Various Newfoundland companies have secured concessions from the Newfoundland legislature providing for tax exemptions over a period of years, the most important of these being Bowaters at Corner Brook. The Newfoundland delegation have pressed that continuance of these tax concessions should be guaranteed in the terms of union on the ground that governments should recognize the obligation of contract and that the province of Newfoundland might be liable for damages if these contracts were not observed by the federal government. The Cabinet Committee have replied that no special provision recognizing

these contracts could be included in the terms of union, since it is settled Canadian policy not to differentiate between tax-payers of the same class. Certain members of the Newfoundland delegation appear to feel strongly that a moral principle is involved.[69]

5. A Law Officer from the Commonwealth Relations Office is this week in Ottawa, discussing with officials the appropriate form of the statute to be introduced in the United Kingdom Parliament covering the terms of union.

E. R[EID]

783. B.C./Vol. 117

Le secrétaire, la délégation de Terre-Neuve, au secrétaire, le Comité du Cabinet sur Terre-Neuve[70]

Secretary, Delegation of Newfoundland, to Secretary, Cabinet Committee on Newfoundland[70]

Ottawa, November 23, 1948

Dear Sir,

As a result of discussions between officials of the Newfoundland Railway and of the Canadian National Railways, the Newfoundland delegation recommends that the following Clause should be included in the Terms of Union:

"The Newfoundland Railway, including the steamship service on the Cabot Strait, will be deemed to be an extension of the Canadian National Railways service in and through the Maritime Provinces for the purpose of determining freight, passenger and express rates.[71]

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[69]Le membre de la délégation qui attachait le plus d'importance à cette question était A. J. Walsh. A un moment donné, il était tellement mécontent qu'il désespérait de pouvoir conclure un accord sur l'union. Néanmoins, à l'exception de clauses provisoires sur l'importation de marchandises et de la machinerie, le gouvernement du Canada insista pour que la question soit résolue après l'union. Avec l'appui considérable du gouvernement de Grande-Bretagne, la plus importante des compagnies intéressées, la Bowaters (Newfoundland) Ltd., négocia alors directement avec le gouvernement du Canada.

[70]Les notes marginales reproduites dans les références 71, 72 et 73 ont été écrites par Brooke Claxton. Les numéros de paragraphes cités sont dans les arrangements proposés (annexe à la pièce jointe, document 442).

[71]Note marginale:

[69]The member of the delegation who felt most strongly was A. J. Walsh. At one point, he was so outraged that he despaired of reaching an agreement on union. However, in the end, except for *ad hoc* provisions relating to the importation of capital goods and machinery, the Canadian Government insisted that the problem await solution after union. With strong backing from the British Government, the principal company affected, Bowaters (Newfoundland) Ltd., then negotiated directly with the Government of Canada.

[70]The marginal notes reproduced in footnotes 71, 72 and 73 were written by Brooke Claxton. The paragraph numbers refer to those in the Proposed Arrangements (sub-enclosure, Document 442).

[71]Marginal note:

OK
16 (1)

Domestic rates for freight, passenger and express traffic within Newfoundland will not exceed those applying from time to time in the Maritime Provinces.[72]

A coastal service adequate to the freight, passenger and express traffic requirements of Newfoundland coastal settlements will be maintained and the rates will not exceed those which would apply if the service were a rail service."[73]

It is requested that the above be submitted to the Cabinet Committee for consideration.[74]

Yours faithfully,

J. G. CHANNING

784. B.C./Vol. 117

Le secrétaire, la délégation de Terre-Neuve, au secrétaire, le Comité du Cabinet sur Terre-Neuve

Secretary, Delegation of Newfoundland, to Secretary, Cabinet Committee on Newfoundland

Ottawa, November 24, 1948

Dear Sir,

The Newfoundland Delegation has requested me to submit the following comments on the Minutes of the Plenary Session held on the 18th of November, 1948:

Para. 8, Item II (b) — Bait Service

It is recommended that the words "this would be a matter for discussion between federal and provincial authorities" should be amended to read "the question of payment for the depots and the M.V. *Malakoff* should be a matter for discussion between federal and provincial authorities."

Para. 8, Item XVIII — Public Buildings

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[72]Note marginale: [72]Marginal note:

OK
stick to term 16(3)b

[73]Note marginale: [73]Marginal note:

out
not subj[ect] to transport

[74]Au sujet du troisième paragraphe de ce projet de clause, R. A. MacKay nota sur une autre copie de cette lettre que M. Smallwood avait suggéré de rayer les mots après "maintained." Le Premier ministre répondit:

[74]Referring to the third paragraph of the proposed clause, R. A. MacKay noted on another copy of this letter that Smallwood had suggested stopping the sentence after "maintained." The Prime Minister replied:

[. . .] at present people have to rely on Nfld Gov[ernmen]t for service, without this clause would have to rely on Can[adian] Gov[ernmen]t. This clause would give access to courts for enforcement, not parliament, on grounds of efficiency.

It is suggested that the amount of floor space occupied in each building before the date of union by services which would remain provincial and by services which will become federal should be the determining factor in deciding the future ownership of public buildings in Newfoundland housing both federal and provincial services. Each of the buildings concerned will belong to the Government using the greater amount of floor space therein. Before final decision, there might be a redistribution having in mind the total amount of floor space used in all of the thirty-six buildings by all the different services.

Para. 9, Item XXII — Pensions

The amount of pension which would be payable to each employee taken over by the Federal government, if he were pensioned at the date of union, would become payable to the employee on retirement. Half the amount of the pension attributable to Newfoundland service would be payable by Newfoundland.

Please submit the above to the Cabinet Committee for consideration.

Yours faithfully,

J. G. CHANNING

785. R.A.M./Vol. 2

Le président, la délégation de Terre-Neuve, au vice-président, le Comité du Cabinet sur Terre-Neuve

Chairman, Delegation of Newfoundland, to Vice-Chairman, Cabinet Committee on Newfoundland

Ottawa, November 25, 1948

Dear Sir,

The following are outstanding matters which it is desirable to have cleared, if possible, at the Plenary Session to be held on Friday, the 26th of November:

(i) *Recoverable Amounts*

I understand that this question is presently being considered by the Financial Committee.

(ii) *Sales of fish to European markets — Section II (2) of Delegation Brief*

It was agreed that the Minister of Finance should communicate with the United Kingdom regarding arrangements for the 1949 catch.

(iii) *Newfoundland Railway*

See letter from the Secretary of the Delegation to the Secretary of the Cabinet Committee dated the 23rd of November, 1948.

(iv) *Clarenville Boats — Section XV*

The question of the future operation of these boats is still undecided.

(v) *Repatriation of Blocked Sterling Surplus — Section XIX*

An assurance is requested that an effort will be made to have this surplus repatriated for deposit with Canada within a year after the date of union.

(vi) *Newfoundland Coasting Trade — Section XXXII (1)*

It will be remembered that the comments of the Newfoundland Delegation on the reply of the Cabinet Committee in this respect were reserved. It is now felt by the Delegation that all ships on the Newfoundland Registry (including foreign-built ships) should be transferred to the Canadian Registry and permitted to engage in the coasting trade without payment of the 25% duty on the value of the hull, machinery, furniture and appurtenances. It is also felt that payment of duty should be waived in the case of foreign ships at present under long-term charter for the carriage of pulpwood in Newfoundland and for trading between Newfoundland and Canada, for the unexpired term of existing charters.

It is proposed to refer to these matters at the next meeting.

(vii) *Employment of Newfoundland Workmen*

Please refer to Minute 13 of the Plenary Session held on the 27th of October, 1948.[75] It is requested that consideration now be given to the issue of a statement along the lines suggested in the last paragraph thereof.

(viii) *Investigation of Effects of Union on Local Industries — Section XXXV*

The Delegation is keenly interested in the results of the investigation recently conducted in Newfoundland by Canadian officials and would appreciate information in this respect, if available, at the next meeting.

(ix) *Federal Taxes — Section XXXVIII*

There has been no reply to the letter from the Secretary of the Delegation to the Secretary of the Cabinet Committee dated the 4th of November, 1948.†

(x) *Importations from United States and United Kingdom — Section XXXIX*

The Newfoundland Delegation has considered the reply of the Cabinet Committee dated the 10th of November, 1948† regarding importations of salt pork and salt beef and wishes to renew its recommendation that duty-free entry of these commodities from the United States should be permitted.

The Cabinet Committee reply of the 10th of November, 1948,† with reference to evaporated milk has been noted and a definite assurance is now requested that adequate supplies of milk will be made available in Canada to meet Newfoundland's requirements in this respect.

Yours faithfully,

A. J. WALSH

786. B.C./Vol. 117

Procès-verbal d'une réunion du Comité du Cabinet sur Terre-Neuve

Minutes of a Meeting of the Cabinet Committee on Newfoundland

SECRET

A meeting of the Cabinet Committee on Newfoundland was held in the Privy Council Chamber on Friday, November 26th, 1948, at 11:30 a.m.

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[75]Voir le document 757. [75]See Document 757.

PRESENT:[76]

. . .

Acting Secretary (Mr. MacKay), Department of External Affairs,

Acting Assistant Secretary (Mr. Horne), Department of External Affairs.

ALSO PRESENT:

Mr. C.J. Burchell, Canadian High Commissioner in Newfoundland,

Mr. J.C. Lessard, Deputy Minister of Transport,

Mr. M.W. Sharp, Department of Finance,

Mr. C. Stein, Department of Justice,

Mr. E.A. Driedger, Department of Justice,

Mr. P.L. Young, Department of National Revenue.

I. DOUBLE TAXATION — (ITEM XX(2))

1. THE MINISTER OF FINANCE submitted recommendations with regard to the proposal of the Newfoundland government made known by the Chairman of the Newfoundland delegation at the joint meeting of November 18th. (Para. 9, Minutes of Joint Meeting, November 18th).[77]

Copies of a departmental memorandum of November 25th† were circulated.

2. MR. ABBOTT noted that the Newfoundland proposal to forgive all income and corporation taxes for the first three months of 1949 would be very difficult to justify in view of the higher grants being made on the ground of financial need. It was noted on the other hand that corporations in Newfoundland had considerable undistributed profits which would be taxable under Canadian law, and it was felt that they should have time to dispose of these before union, or if not, that some leeway should be permitted in the terms.

II. FEDERAL TAXES

3. THE MINISTER OF FINANCE submitted a draft reply dated November 25, 1948,† to Item XXXVIII of the Newfoundland brief to meet the request of the Newfoundland delegation for a written statement.

4. THE COMMITTEE noted that the reply had already been given verbally and agreed that the text be forwarded to the Newfoundland delegation.

III. LIST OF RECOVERABLE ITEMS

5. THE MINISTER OF FINANCE submitted a summary of recommendations regarding the list of recoverable items presented by the Newfoundland delegation. Copies of the summary were circulated. A copy is attached hereto, "Recoverable Working Capital and Other Capital Advances."†

6. THE COMMITTEE indicated its approval of the memorandum and agreed that the Department of Finance discuss the list of recoverable items with the Newfoundland delegation and their advisers on the basis of the recommendations made in it.

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[76]McCann, Gregg et Mayhew étaient absents.
[77]Voir le document 779.

[76]McCann, Gregg and Mayhew were absent.
[77]See Document 779.

IV. EUROPEAN FISH SALES

7. THE MINISTER OF FINANCE said that he expected to have a reply shortly from the United Kingdom High Commissioner.

V. LETTER OF NOVEMBER 24 FROM NEWFOUNDLAND DELEGATION

8. THE MINISTER OF NATIONAL DEFENCE tabled the comments of the Newfoundland delegation on the Minutes of the Joint meeting of November 18, 1948. Copies of the letter of November 24th from the delegation secretary were circulated.

Para. 8, Item II(b) — Bait Service

9. THE COMMITTEE agreed that it did not wish to go beyond the present wording and that therefore the proposed amendment should not be agreed to.

Para. 8, Item XVIII — Public Buildings

10. THE COMMITTEE agreed that the proposal of the Newfoundland delegation be accepted.

Para. 9, Item XXII — Pensions

11. THE COMMITTEE, after discussion, agreed that the alternative proposed by the Newfoundland delegation in reply to the proposal made by Mr. St. Laurent at the joint meeting of November 18, 1948, did not accord with the latter proposal and that there should be put before the Newfoundland delegation a choice between the original proposal and the modification suggested by Mr. St. Laurent.

VI. RAILWAY AND STEAMSHIP RATES AND SERVICES

12. THE MINISTER OF NATIONAL DEFENCE tabled a letter of November 23rd from the Secretary of the Newfoundland delegation proposing an amendment to the clause in the terms of union. Copies of the letter were circulated.

13. THE COMMITTEE agreed, after discussion, that the Newfoundland proposals were unsatisfactory and that the terms relating to transportation in the White Paper should be retained.

VII. MISCELLANEOUS ITEMS

14. THE MINISTER OF NATIONAL DEFENCE tabled a letter of November 25th from the Chairman of the Newfoundland delegation. Copies of the letter were circulated.

(i) *Recoverable Amounts*

See Section III above.

(ii) *Sales of Fish to European Markets (Item II(2))*

See Section IV above.

(iii) *Newfoundland Railway*

See Section VI above.

(iv) *Clarenville Boats (Item XV)*

THE DEPUTY MINISTER OF TRANSPORT said that a report for study was awaited from the Canadian Maritime Commission.

(v) *Repatriation of Blocked Sterling Surplus (Item XIX)*

THE MINISTER OF FINANCE stated that an assurance could be given at the next joint meeting.

(vi) *Newfoundland Coastal Trade (Item XXXII(1))*

The Committee, after discussion, noted the proposals of the Newfoundland delegation.

(vii) *Employment of Newfoundland Workmen*

The Committee agreed to the issue of a statement along the lines suggested in the last paragraph of Minute 13 of the joint meeting of October 27, 1948.

(viii) *Investigation of effects of union on local industry (Item XXXV)*

THE MINISTER OF TRADE AND COMMERCE said that a report had not yet been received.

(ix) *Federal Taxes (Item XXXVIII)*

Answered by Section II above.

(x) *Importation from the United States and the United Kingdom (Item XXXIX)*

THE COMMITTEE, after discussion, agreed that the Canadian Government should in respect of salt pork and salt beef follow the policy of remitting import duties to meet temporary situations rather than allow entry free of duty; and that the required assurance in respect of milk could be given.

VIII. TERMS OF UNION

15. MR. HARRIS tabled the eighth draft of the terms of union.† Copies of the draft were circulated.

16. THE MINISTER OF NATIONAL DEFENCE enquired whether the Newfoundland Government would act, for the purpose of approving the terms, as the Governor in Commission or as a legislative body, since the delegation may have power only to negotiate terms.

17. MR. HARRIS said that the Newfoundland delegation were opposed to approval by statute of the Commission of Government and wished to go no further than approval by the counterpart of an Order-in-Council.

18. MR. HARRIS said that the Chairman of the Newfoundland delegation regarded as significant that the terms of the appointment of the Delegation and the despatch of the Secretary of State for Commonwealth Relations to the Governor of Newfoundland (March 2, 1948) regarding the referendum had referred to the Delegation as "authorized representatives of Newfoundland," not as representatives of the Commission of Government.

19. THE COMMITTEE, after further discussion, agreed that the eighth draft be forwarded to the Newfoundland delegation at the next joint meeting and that it be discussed at the next meeting of the Committee.

J. R. BALDWIN

787. R.A.M./Vol. 3

Procès-verbal d'une réunion entre le Comité du Cabinet et la délégation de Terre-Neuve

Minutes of a Meeting between Cabinet Committee and Delegation of Newfoundland

SECRET

MINUTES OF A MEETING OF THE CABINET COMMITTEE AND THE NEWFOUNDLAND DELEGATION HELD IN ROOM 497, PARLIAMENT BUILDINGS, ON FRIDAY, NOVEMBER 26TH, 1948, AT 4 P.M.

PRESENT:[78]

. . .

ALSO PRESENT:

Mr. W.E. Harris, Parliamentary Assistant to the Prime Minister,
Mr. C.J. Burchell, Canadian High Commissioner in Newfoundland,
Mr. M.W. Sharp, Department of Finance,
Mr. C. Stein, Department of Justice,
Mr. E.A. Driedger, Department of Justice,
Mr. P.L. Young, Department of National Revenue.

Mr. H.G. Puddester, Secretary for Justice,
Mr. J.C. Thompson, Financial Adviser.

I. ITEM II (B), PARA. 8 — BAIT SERVICE

1. THE MINISTER OF NATIONAL DEFENCE, referring to an amendment proposed by the Newfoundland Delegation to the proposal in the minutes for November 18 regarding bait service, (letter from the Secretary, November 24) said that the Cabinet Committee did not feel that they could go beyond the present wording.

2. THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION indicated that this was satisfactory.

II. ITEM XVII, PARA. 8 — PUBLIC BUILDINGS

3. THE MINISTER OF NATIONAL DEFENCE, referring to the proposal of the Newfoundland delegation regarding the division of Government buildings as between the federal and provincial governments on the basis of floor space used for the various services (Secretary's letter, November 24; minutes of joint meeting, November 18) reported that this proposal had been incorporated in the Eighth draft.

4. THE MEETING noted the report with approval.

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[78]McCann, Gregg et Mayhew étaient absents.

[78]McCann, Gregg and Mayhew were absent.

III. ITEM XXII, PARA. 9 — PENSIONS

5. THE MINISTER OF FINANCE referring to the proposal of the Newfoundland delegation in their letter of November 24 regarding the contribution payable by Newfoundland for the period of Newfoundland service of employees taken into the federal service at union, said that the Cabinet Committee felt that this did not correspond to the Committee's proposed alternative to the pension clause in the White Paper ("The Proposed Arrangements") of 1947. This alternative was that the Canadian Government was willing to treat Newfoundland civil servants in services taken over as if the period of Newfoundland service had been spent in the Canadian service, and that the Canadian Government would contribute the government contribution for that period if the Newfoundland government would contribute the employees' contribution for the same period. The Newfoundland proposal on the other hand contemplated a dual pension arrangement, part for Newfoundland service and part for service in the federal services. This he felt would be unfair to employees taken over since they would lose the benefits of continuous service.

6. THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION after outlining the delegation's view of the discussions indicated that the delegation had not taken the proposal in the same sense as the Cabinet Committee. The Delegation had understood that the alternative was that Canada would bear one-half the cost to Newfoundland of pensions under the Newfoundland pension scheme for the period of service of those employees taken over by the federal Government at union, rather than that Newfoundland should bear the whole cost as laid down in the White Paper of last year. He thought the Newfoundland Delegation's interpretation was borne out by the Minutes of November 18. He felt that the Canadian proposal as interpreted by the Minister of Finance would be much more costly to Newfoundland. It would also have the objection that it would place employees in services taken over by Canada in a preferred position to those who would remain in the provincial service.

7. THE PRIME MINISTER said that although the Canadian Government was willing to give as good terms to the Newfoundland civil servants concerned as those accorded to Provincial civil servants in services taken over during recent years, he did not feel that the Government could go further. He suggested for consideration that the proposal made in the White Paper of last year should be adhered to with an added option, exercisable within a stated period, whereby the provincial government could adopt the Canadian proposal and pay up in a lump sum or over a period of years the back contributions of some or all employees taken over into the Canadian service at union.

8. It was noted that in the absence of authoritative estimates by actuaries there was no satisfactory conclusion as to the relative costs of the alternative proposals. The matter was left over for further consideration.

IV. MINUTES OF MEETINGS

9. THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION, referring to the above misunderstanding, said that it would be helpful to review jointly and initial the minutes, including past minutes since the Delegation had been relying on the

minutes as well as on replies sent by letter to points raised by the Delegation as a record of agreement between the Delegation and the Cabinet Committee.

10. THE PRIME MINISTER emphasized that minutes or correspondence could not be deemed to be binding upon any successor government except to the extent that items referred to were included in the terms of union approved by Parliament.

11. THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION, referring to certain statements of the Cabinet Committee regarding policies of the Canadian Government, suggested that the terms of union should therefore be extended to cover all the points agreed upon or assurances given by the Canadian Government.

12. THE MEETING noted the suggestion for further consideration and agreed that correspondence and minutes should not be published without prior consultation with the other party.

V. RAILWAY AND STEAMSHIP RATES AND SERVICES

13. THE MINISTER OF TRADE AND COMMERCE, referring to the proposals of the Newfoundland Delegation (the Secretary's letter of November 23rd) regarding the text of the clauses relating to transportation in the terms of union, said that the Cabinet Committee felt it could not accept the Newfoundland proposals. Paragraphs one and two were not acceptable, since they would place constitutional limitations on Parliament and the Board of Transport Commissioners with regard to rate-making, and paragraph 3, since it would indirectly place coastal shipping rates under the Board of Transport Commissioners, a condition which did not exist elsewhere in Canada.

14. In reply to a request for assurance that Newfoundland would be treated for the purpose of rate-making as a part of the Maritime Region THE MINISTER OF TRADE AND COMMERCE said that he felt the clause in the White Paper of last year adequately provided for this.

15. THE MEETING noted the Minister's statement.

VI. MISCELLANEOUS ITEMS

16. THE PRIME MINISTER referred to a number of items listed as outstanding by the Chairman of the Newfoundland Delegation in his letter of November 25th.

(i) *Recoverable Amounts*

THE MINISTER OF FINANCE stated that the matter was still under consideration by the Department of Finance.

(ii) *Item II(2) — Sales of Fish to European Markets*

THE MINISTER OF FINANCE said that he hoped to have a report very shortly.

(iii) *Newfoundland Railway*

See Section V above.

(iv) *Item XV — Clarenville Boats*

THE MINISTER OF TRADE AND COMMERCE said that a report was awaited from the Canadian Maritime Commission.

(v) *Item XIX — Repatriation of Blocked Sterling*

THE MINISTER OF FINANCE said that an effort would be made to effect repatriation within a year after the date of union but that he would not make any further statement on the matter for the present.

(vi) *Item XXXII (1) — Railway rates and Coasting Trade*

THE MINISTER OF FINANCE said, with reference to the proposal of the Newfoundland delegation that ships on the Newfoundland registry (including foreign-built ships) should be transferable to the Canadian registry without payment of duty, that a cut-off date to avoid transfer of foreign-built ships in anticipation of union would be necessary. The date of November 1, 1948 was agreed to. The Newfoundland delegation noted that certain foreign-built trawlers were on order by Newfoundland firms, and it was agreed that these could be exempted if contracted for previously to the above date.

With reference to the proposal that foreign ships on long-term charter for Newfoundland-Canadian trade or coasting trade should be permitted to finish out their charters without payment of duty, the Minister of Finance said that this could be done by administrative action. The meeting noted the Minister's statement with approval.

(vii) *Employment of Newfoundland Workmen*

The meeting agreed that a statement along the lines suggested in the last paragraph of Minute 13, Minutes of Joint Meeting of October 27, would be included in the terms of union.

(viii) *Item XXXV — Effects of Union on Local Industries*

THE MINISTER OF TRADE AND COMMERCE stated that he had not yet received the necessary report of the study group now in Newfoundland.[78a]

(ix) *Item XXXVIII — Federal Taxes*

THE MINISTER OF FINANCE, referring to the request for a reply given earlier verbally, tabled the text of the reply[†] for consideration by the Newfoundland Delegation.

(x) *Item XXXIX — Importations from United States and United Kingdom*

THE MINISTER OF FINANCE outlined the difficulties in making a formal commitment to exempt salt pork and salt beef from duty, and said that under the Customs Act, customs could be remitted in the event of domestic supplies being unavailable and that duties would be remitted until supplies of suitable quality became available in Canada.

THE MINISTER OF FINANCE stated further that supplies of evaporated milk were presently adequate and that steps would be taken to ensure that Newfoundland's requirements of evaporated milk could be met from Canada.

THE MEETING noted with approval the Minister's statement.

VII. ITEM XX(2) — AVOIDANCE OF DOUBLE TAXATION

17. THE MINISTER OF FINANCE, referring to the statement of the Chairman of the Newfoundland Delegation (Minute 9, joint meeting of November 18th) that

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[78a]Voir les documents 1049 et 1050.

[78a]See Documents 1049 and 1050.

Newfoundland proposed to forgive all income and corporation taxes for the first quarter of 1949, pointed out that such treatment would be more favourable than the Canadian policy in 1943 as to individuals and corporations and that while the matter was one for Newfoundland to decide, the proposal might raise embarrassments for the Canadian government when it would have to defend in Parliament a substantial increase in the transitional grant to Newfoundland.

18. Mr. McEvoy, supported by other members of the Newfoundland delegation, explained that they felt it necessary to remit these taxes in order to cushion the change to Newfoundland business which Confederation would entail.

VIII. TERMS OF UNION (Eighth Draft)

19. Copies of the eighth draft of the terms of union† were circulated for the consideration of the Newfoundland Delegation.

IX. NEXT MEETING

The meeting agreed that the next joint meeting be held on Monday, November 29th, at 10.30 a.m., in Room 497, Parliament Buildings.

R. A. MacKay

788. C.D.H./Vol. 61

Propos du ministre du Commerce et du ministre des Finances[78b]

Comments by Minister of Trade and Commerce and Minister of Finance[78b]

Should not we offer the supplementary transitional grant on the condition the Newfoundland [government] raise at least as much by sales tax?

C. D. H[owe]

I understand that now they have the grant they are backing away from any sales tax.

It is difficult to impose specific conditions on a prospective provincial gov't but one suggestion made by officials was that for second and succeeding years increased transitional grant should be conditional upon equal amount being raised by additional taxes.

D. C. A[bbott]

[78b] C. D. Howe et D. C. Abbott ont probablement échangé ces propos écrits à la main pendant la réunion du 26 novembre.

[78b] C. D. Howe and D. C. Abbott probably exchanged these handwritten notes during the meeting of November 26.

789. B.C./Vol. 119

Procès-verbal d'une réunion entre le Comité du Cabinet et la délégation de Terre-Neuve[79]

Minutes of a Meeting between Cabinet Committee and Delegation of Newfoundland[79]

SECRET

MINUTES OF A MEETING OF THE CABINET COMMITTEE AND THE NEWFOUNDLAND DELEGATION HELD IN ROOM 497, PARLIAMENT BUILDINGS, ON MONDAY, NOVEMBER 29, 1948, AT 10.30 A.M.

PRESENT:[80]

. . .

ALSO PRESENT:

Mr. W.E. Harris, Parliamentary Assistant to Prime Minister;
Mr. C.J. Burchell, Canadian High Commissioner in Newfoundland;
Mr. F.P. Varcoe, Department of Justice,
Mr. C. Stein, Department of Justice,
Mr. E.A. Driedger, Department of Justice.
Mr. H.G. Puddester, Secretary for Justice;
Mr. J.C. Thompson.

I. RECOVERABLE AMOUNTS

1. THE MINISTER OF NATIONAL DEFENCE, referring to his discussion on procedure with the Chairman of the Newfoundland delegation, said that it seemed desirable to set up a small committee to examine and seek agreement on the list of recoverable amounts. Points of disagreement only could then be brought up for further discussion in full joint session. The proposed committee would comprise Mr. Walsh, Mr. Thompson and one other delegate for Newfoundland and Mr. Abbott and Mr. Sharp for Canada, with himself as a reporter.

2. THE MEETING agreed to this procedure.

II. EUROPEAN FISH SALES

3. THE MINISTER OF FINANCE, referring to Section I of the joint meeting of November 16,[81] said that while as yet he had no reply in writing from the United Kingdom High Commissioner, the latter had made it known verbally that the

[79]Le compte rendu intégral de cette réunion et des réunions du 30 novembre et du 2 et du 3 décembre où on a discuté du projet des Conditions de l'union se trouve dans les documents du Conseil privé aux Archives publiques du Canada.

[80]Howe, McCann, Gregg et Mayhew étaient absents.

[81]La note suivante était dans l'original:

[79]The verbatim record of this meeting and of the meetings of November 30 and December 2 and 3 where the draft of the Terms of Union was discussed is in the Privy Council papers at Public Archives Canada.

[80]Howe, McCann, Gregg and Mayhew were absent.

[81]The following note was in the original:

regarding the marketing of Newfoundland 1949 catch of salt fish.

United Kingdom Government were willing to renew the arrangement for 1949, subject to certain limitations.

4. THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION thought it was difficult to set a limit owing to the numerous factors that might influence the amount required. At the beginning of 1948 the Newfoundland Government had given to the United Kingdom government an estimate of $8,000,000 to $10,000,-000. The limit was then set at $6,000,000 when some U.S. dollars turned up in Italy and later it appeared that $3,500,000 was the necessary amount.

5. THE MINISTER OF FINANCE agreed that this was a reasonable proposal and that the reply to the written statement of the United Kingdom High Commissioner, when received, should indicate that the question of limit will be raised by the Newfoundland Government.

6. THE MEETING noted the statements of the Minister and the Chairman of the Newfoundland delegation.

III. DRAFTING PROCEDURE

7. THE MINISTER OF NATIONAL DEFENCE, referring to the discussion of the content of the terms of union at the joint meeting of November 26, suggested that matters of administrative arrangement and of policy of the Canadian Government might be incorporated in a memorandum accompanied by a letter from the Prime Minister. There should exist only two documents to which either party would refer. The Newfoundland delegation could indicate to the drafting committee what they thought should be in the terms. The proposed inclusions would of course be subject to further consideration by both parties and to discussion in full joint session.

8. THE MEETING noted the Minister's statement for consideration.

IV. MINUTES OF LAST MEETING

9. THE PRIME MINISTER proposed that discussion of the draft minutes of the joint meeting of November 26 be left until the next meeting. Copies of the draft were circulated.

10. THE MEETING agreed to the Prime Minister's proposal.

V. DRAFT TERMS OF UNION

11. THE MINISTER OF NATIONAL DEFENCE referred to the eighth draft of the terms of union, copies of which had been circulated at the previous meeting.

12. THE MEETING agreed to discuss each clause, beginning with the first clause and proceeded accordingly.

13. The Meeting adjourned from 1.10 p.m. until 3.00 p.m. and then continued its discussion of the draft.

VI. NEXT MEETING

14. THE MEETING agreed to convene again on Tuesday, November 30, at 11.00 a.m.

At the meeting of Tuesday, November 30, at 11.00 a.m., discussion of the eighth draft of the terms of union continued. The drafting committee was di-

rected to submit to the next joint meeting drafts of clauses as amended in accordance with the discussion.

J. R. BALDWIN

790. R.A.M./Vol. 3

Mémorandum du secrétaire, le Comité du Cabinet sur Terre-Neuve, au Comité du Cabinet sur Terre-Neuve

Memorandum from Secretary, Cabinet Committee on Newfoundland, to Cabinet Committee on Newfoundland

SECRET Ottawa, December 1, 1948

During the discussions with the Newfoundland Delegation a number of questions relating to administrative policy have been raised by the Delegation. Since these matters are not properly of a constitutional nature, it is proposed to deal with them by a memorandum accompanied by a letter, presumably signed by the Prime Minister, rather than to include them in the formal terms of union. The memorandum and the covering letter will of course be a public document.

Attached is a copy of a draft letter† intended to cover the memorandum referred to.

Attached also is a copy of a letter from the Secretary of the Newfoundland delegation,† setting forth the items which the Delegation thinks should be included in such a memorandum. In most cases the text proposed is based on the reply already received from the Department concerned.

Your comments on the items with which your Department is concerned would be appreciated. Since it is hoped to complete the draft of the memorandum by the end of this week, it is hoped that you can deal with the matter promptly.

A copy of this letter is being sent to all Ministers and Deputy Ministers of the departments concerned.

J. R. BALDWIN

791. B.C./Vol. 119

Extraits du procès-verbal d'une réunion entre le Comité du Cabinet et la délégation de Terre-Neuve

Extracts from Minutes of a Meeting between Cabinet Committee and Delegation of Newfoundland

SECRET

MINUTES OF A JOINT MEETING OF THE CABINET COMMITTEE ON NEWFOUNDLAND AND THE NEWFOUNDLAND DELEGATION HELD IN ROOM 497, PARLIAMENT BUILDINGS, ON THURSDAY, DECEMBER 2ND, 1948, FROM 11.30 A.M. TO 1:00 P.M., AND FROM 3.00 P.M. TO 6.00 P.M.

PRESENT:[82]

. . .

ALSO PRESENT:

Mr. W.E. Harris, Parliamentary Assistant to Prime Minister,
Mr. C.J. Burchell, Canadian High Commissioner in Newfoundland,
Mr. F.P. Varcoe, Deputy Minister of Justice,
Mr. R.A. MacKay, Dept. of External Affairs,
Mr. M. Sharp, Dept. of Finance,
Mr. C. Stein, Dept. of Justice,
Mr. E.A. Driedger, Dept. of Justice.

Mr. H.G. Puddester, Secretary for Finance,
Mr. J.C. Thompson.

. . .

II. DRAFT TERMS OF UNION

5. The Prime Minister pointed out that following the discussion at the preceding meeting a supplement to the 8th draft of terms of union, containing certain revised sections, had been prepared for consideration.

Copies of this supplement were circulated.

(Terms of Union, Supplement to Eighth Draft, December 1, 1948).†

6. The meeting, after discussion, disposed of revised sections contained in the supplement in the following fashion:

(1) Preamble — To be revised in the light of discussion.

(2) Term 1 — Original in eighth draft to be retained; new clause referring to Statute of Westminster to be inserted after Term 3.

(3) Term 3 — Revision approved.

(4) Term 4 — Revisions approved.

(5) Term 6 — Revision approved subject to minor amendment in the light of discussion.

(6) Term 7 — Revision approved.

(7) Term 9 — Revision approved.

(8) Term 14 — Sub-paragraph (1) approved; sub-paragraph (2) to be further revised in the light of discussion.

(9) Term 15 — Revision to be submitted by the Newfoundland Delegation.

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[82] Howe, McCann et Mayhew étaient absents.

[82] Howe, McCann and Mayhew were absent.

(10) Term 17 — Revision submitted by the Newfoundland Delegation to be reviewed further by the Delegation in the light of discussion.[83]

(11) Term 18 — Sub-paragraph (1) approved, subject to minor amendment in the light of discussion; second alternative of sub-paragraph (2) approved.

(12) Term 19 — Revision approved.

(13) Term 23 — Revision approved.

(14) Term 24 — Revision approved.

(15) Term 25 — Sub-paragraph (2) revision approved.

(16) Term 27 — Revision approved.

(17) Term 28 — Revision approved.

(18) Term 30 — Revision approved subject to further examination by the Minister of Finance and the Legal Sub-Committee.

(19) Terms 27 to 30 — Rearrangement approved.

(20) Term 32(c) — Revision approved.

(21) Term 33(3) — Revision approved with minor amendment in the light of discussion, subject to consultation with the Minister of Transport.

(22) Term 34(h) — Revision approved.

(23) Term 37 — Revision approved.

(24) Term 40 — Revision approved, subject to minor amendment in the light of discussion.

(25) Term 41(3) — To be considered further by the two delegations.

(26) Term 41(4) — Revision approved.

(27) Term 42 — Revision approved subject to amendment in the light of discussion; supplementary draft to be submitted by the Newfoundland Delegation for consideration.

(28) Term 44(1)(2) — Revision approved.

(29) Term 47(1) — Revision approved.

(30) Term 48 — To be considered further by the Legal Sub-Committee.

(31) Term 49 — Revision to be submitted by the Newfoundland Delegation.

(32) Proposed new term approved.

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[83]Tout comme en 1947, la délégation de Terre-Neuve croyait que si on appliquait l'article 93 de l'Acte de l'Amérique du Nord de 1867 à Terre-Neuve sans amendements, la situation existante serait fixée. La condition 17, rédigée en grande partie par la délégation de Terre-Neuve, visait la protection des droits des minorités tout en permettant la possibilité d'amalgamer les écoles et en assurant le partage équitable des fonds publics pour les écoles et collèges confessionnels et amalgamés (ou communs).

[83]As in 1947, the Newfoundland delegation felt that if Section 93 of the British North America Act of 1867 were applied to Newfoundland without alteration, it would freeze the existing situation. Term 17, drafted largely by the Newfoundland Delegation, was written so as to preserve minority rights while permitting amalgamation of schools when desired and assuring to both denominational and amalgamated (or common) schools and colleges their fair share of public funds.

Consideration of remaining items in the supplement was deferred until the next meeting.

J. R. BALDWIN

792. B.C./Vol. 119

Procès-verbal d'une réunion entre le Comité du Cabinet et la délégation de Terre-Neuve

Minutes of a Meeting between Cabinet Committee and Delegation of Newfoundland

SECRET

MINUTES OF A MEETING OF THE CABINET COMMITTEE ON NEWFOUNDLAND AND THE NEWFOUNDLAND DELEGATION HELD IN ROOM 497, PARLIAMENT BUILDINGS, FRIDAY, DECEMBER 3RD, 1948, AT 2.30 P.M.

PRESENT:[84]

. . .

ALSO PRESENT:

Mr. C.J. Burchell, Canadian High Commissioner in Newfoundland,
Mr. R.A. MacKay, Dept. of External Affairs,
Mr. M. Sharp, Dept. of Finance,
Mr. C. Stein, Dept. of Justice,
Mr. E.A. Driedger, Dept. of Justice.

Mr. H.G. Puddester, Secretary for Justice,
Mr. J.C. Thompson, Financial Adviser.

TERMS OF UNION: SUPPLEMENTARY NOTE

Discussion initiated at the previous meeting on the supplement to the 8th draft terms of union was continued. Points suggested by the Newfoundland delegation for inclusion in the supplementary exchange of notes were also considered.

In addition to revision of a number of articles proposed for inclusion in the terms of union, the following action was taken:

(1) It was noted that the Newfoundland Delegation would submit a further revision of term 17 (education).

(2) It was agreed that term 49 be omitted.[85]

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[84]Howe, McCann et Mayhew étaient absents.

[85]Ceci était une clause technique donnant droit au Parlement du Canada d'amender tous les statuts fédéraux qui seraient en vigueur à Terre-Neuve.

[84]Howe, McCann and Mayhew were absent.

[85]This was a technical clause providing for the right of the Parliament of Canada to amend all Federal statutes which were to be made applicable in Newfoundland.

(3) It was agreed that the Minister of Finance and the Chairman of the Newfoundland Delegation, together with appropriate officials consult regarding terms to be included relating to double taxation.

(4) It was agreed that the Department of Transport be requested to consider the question of a special clause in the terms of union regarding railway pensions.

(5) It was agreed that the question of recoverable amounts be considered further by the Minister of Finance.

(6) It was agreed that the following proposals advanced by the Newfoundland delegation be dealt with in the supplementary note rather than in the terms of union:

(a) enrichment of flour,

(b) national harbours,

(c) duty on transfer of vessels.

J. R. BALDWIN

793. 10300-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 406 St. John's, December 6, 1948

IMPORTANT. A news item datelined Ottawa, December fifth, which appears in the *Daily News* this morning under the byline "By our special correspondent" says "Ches Crosbie may refuse to sign the revised terms of Confederation according to reports current here this weekend. The former leader of the Economic Union Party declined to comment on the report which was printed in both the Ottawa and Montreal papers, neither would he deny the truth of the story." It is said that "Should Mr. Crosbie refuse to sign, it will be on the grounds that the financial arrangements are still not good enough and that the method being used to provide the additional aid to Newfoundland does not provide a sufficient measure of security."

2. The *News* item states that the Newfoundland Government will have to draw on its surplus to balance its budget and at the end of eight years it will have exhausted its reserves and will be facing annual deficits of several millions. The period of balanced budgets, it is further argued, will be considerably reduced if the cost of provincial public services increases. Furthermore the promise to appoint a Royal Commission is no guarantee "that property taxes and other such measures will not be forced on the island."

3. The *News* item states that, "Mr. Crosbie's reported objection to the terms may be based on these considerations, but there may be other points not yet disclosed which will cause him to withhold his signature from the final terms."

4. The *News* item reports the printing and circulation of the revised terms among the delegates and says that "It is possible that the official signing may take place this week" but that, "Some delegates predict that further difficulties may arise which will delay the signing still further."

5. The article says that, "Should the reports concerning Mr. Crosbie prove to be true, he will probably present a one minority to the Commission of Government" and adds that "It is not expected that one dissenting voice will be enough to cause any change in the plans already made to put Newfoundland into confederation on March thirty-first."

794. R.A.M./Vol. 3

Procès-verbal d'une réunion entre le Comité du Cabinet et la délégation de Terre-Neuve

Minutes of a Meeting between Cabinet Committee and Delegation of Newfoundland

SECRET

MINUTES OF A MEETING OF THE CABINET COMMITTEE AND THE NEWFOUNDLAND DELEGATION IN ROOM 497, PARLIAMENT BUILDINGS, ON MONDAY, DECEMBER 6TH, 1948, AT 3.00 P.M.

PRESENT:[86]

. . .

ALSO PRESENT:

Mr. J.C. Lessard, Deputy Minister of Transport,
Mr. R.A. MacKay, Dept. of External Affairs,
Mr. H.R. Horne, Dept. of External Affairs,
Mr. M. Sharp, Dept. of Finance,
Mr. C. Stein, Dept. of Justice,
Mr. E.A. Driedger, Dept. of Justice.

Mr. H.G. Puddester, Secretary for Justice,
Mr. J.C. Thompson.

The meeting resumed discussion of the draft terms of union and certain revisions of terms 17, 33, 29 and 41 were agreed upon.

The meeting adjourned at 6.30 p.m.

J. R. BALDWIN

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[86]Howe, Abbott, McCann et Mayhew étaient absents. Lionel Chevrier était présent.

[86]Howe, Abbott, McCann and Mayhew were absent. Lionel Chevrier was present.

795. R.A.M./Vol. 3

Procès-verbal d'une réunion entre le Comité du Cabinet et la délégation de Terre-Neuve

Minutes of a Meeting between Cabinet Committee and Delegation of Newfoundland

SECRET

MINUTES OF A MEETING OF THE CABINET COMMITTEE AND THE NEWFOUNDLAND DELEGATION IN ROOM 497, PARLIAMENT BUILDINGS, ON TUESDAY, DECEMBER 7, 1948, AT 2:30 P.M.

PRESENT:[87]

. . .

ALSO PRESENT:

Mr. R.A. MacKay, Department of External Affairs,
Mr. M.W. Sharp, Department of Finance,
Mr. C. Stein, Department of Justice,
Mr. E.A. Driedger, Department of Justice.

Mr. H.G. Puddester, Secretary for Justice,
Mr. J.C. Thompson, Financial Adviser.

I. TIMETABLE FOR CONCLUSION OF DISCUSSIONS

1. THE PRIME MINISTER suggested that if a reasonable rate of progress in the present discussions could be maintained, it would appear likely that a final public session for signature of the terms of union might be held at noon on Saturday, December 11th, to be followed by a government dinner that evening at the Country Club.

2. THE MEETING noted the Prime Minister's observations.

II. TERMS OF UNION

THE MEETING resumed discussion of outstanding points in the terms of union with the following results:

(a) Certain revisions in terms 6, 41 and 50 were agreed upon.

(b) A term relating to double taxation submitted on behalf of the Minister of Finance was agreed in principle, subject to further amendment, for inclusion in the terms of union, it being understood that an additional explanatory note on this subject would be added to the supplementary memorandum.

(c) It was noted that the Newfoundland delegation proposed to submit suggestions for amendment of the terms and the supplementary memorandum to permit an Old Age Pension Agreement with the federal government immediately following union, should the Newfoundland Commission of Government enact suitable Old Age Pension Legislation prior to union.

J. R. BALDWIN

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[87] Abbott et Mayhew étaient absents.

[87] Abbott and Mayhew were absent.

796. 10300-B-40

Mémorandum du ministère des Affaires extérieures

Memorandum by Department of External Affairs

SECRET Ottawa, December 8, 1948

NEWFOUNDLAND DISCUSSIONS; TERMS OF UNION; PROGRESS REPORT; ADMIRALTY BUILDINGS

At its meeting on December 8th, the Cabinet

(a) agreed that a special meeting be held at 2.30 on Friday, December 10th, to consider the final terms of union;

(b) agreed that the Prime Minister and the Acting Secretary of State for External Affairs sign the agreement on behalf of Canada;

(c) noted with approval the Prime Minister's proposal that the Newfoundland delegation be told that the government would not be able to make contributions to Newfoundland for old age pensions until an agreement had been concluded with the Province following the appropriate legislation by the Provincial legislature; and

(d) approved despatch of a communication to the U.K. High Commissioner [requesting] that, upon Union with Canada, Admiralty lands and buildings in Newfoundland be made available to the Canadian government.

797. R.A.M./Vol. 3

Procès-verbal d'une réunion entre le Comité du Cabinet et la délégation de Terre-Neuve

Minutes of a Meeting between Cabinet Committee and Delegation of Newfoundland

SECRET

MINUTES OF JOINT MEETINGS OF THE CABINET COMMITTEE ON NEWFOUNDLAND AND THE NEWFOUNDLAND DELEGATION HELD IN ROOM 497, PARLIAMENT BUILDINGS, ON WEDNESDAY, DECEMBER 8TH, 1948, AT 2:30 P.M., THURSDAY, DECEMBER 9TH, 1948, AT 11:00 A.M., AND 2:30 P.M.

CANADIAN CABINET COMMITTEE

The Prime Minister (Mr. St. Laurent) (co-chairman)
The Minister of Trade and Commerce (Mr. Howe),
The Minister of National Defence (Mr. Claxton),
The Minister of Finance (Mr. Abbott),
The Minister of National Revenue (Dr. McCann).

NEWFOUNDLAND DELEGATION

Mr. A.J. Walsh (co-chairman),
Mr. F.G. Bradley

Mr. J.B. McEvoy
Mr. P. Gruchy
Mr. C.A. Crosbie
Mr. G.A. Winter
Mr. J.R. Smallwood

SECRETARIAT

Mr. J.R. Baldwin

Mr. J. Channing

ALSO PRESENT:

Mr. W.E. Harris, Parliamentary Assistant to the Prime Minister
Mr. C.J. Burchell, Canadian High Commissioner in Newfoundland,
Mr. M.W. Mackenzie, Deputy Minister of Trade and Commerce,
Mr. R.A. MacKay, Department of External Affairs,
Mr. H.R. Horne, Department of External Affairs,
Mr. M.W. Sharp, Department of Finance,
Mr. C. Stein, Department of Justice,
Mr. E.A. Driedger, Department of Justice,
Mr. W.F. Bull, Department of Trade and Commerce.

Mr. H.G. Puddester, Secretary for Justice,
Mr. J.C. Thompson, Financial Adviser.

(The attendance on the part of the Canadian Ministers and Officials at these meetings varied according to item under discussion.)

I. TERMS OF UNION

1. THE MINISTER OF NATIONAL DEFENCE, referring to the question of old age pension arrangements mentioned at the meeting of December 7th, stated that the Canadian Government, following thorough review, had reached the conclusion that federal assistance towards old age pensions should be made available in accordance with the existing terms and intent of the Old Age Pensions Act, i.e. as a result of an agreement following the first meeting of the provincial legislature; accordingly it would not be desirable to make any special provision in regard to this matter in the terms of union or the supplementary note.

2. THE MEETING noted the Minister's statement and, after further review of the second printing of the draft terms of union, agreed upon certain revisions.

II. SUPPLEMENTARY NOTE

3. THE MEETING after review of the proposed supplementary note to be addressed to the Newfoundland delegation, agreed upon certain revisions and additions to be included in the note.

J. R. BALDWIN

798. 10300-B-40

Chesley A. Crosbie au président, la délégation de Terre-Neuve

Chesley A. Crosbie to Chairman, Newfoundland Delegation

Ottawa, December 9, 1948

Dear Mr. Walsh,

First I would like to express to you my appreciation and sincere respect for the manner in which you managed the tedious negotiations just coming to a close. I would also like to express my thanks to the other members of the delegation with whom it has been a real pleasure to work and associate and, finally I want to express my admiration for the work of our secretaries and advisers who have done an extremely hard job pleasantly and well.

I regret very much that I must advise you that I cannot sign the terms of Union now prepared and ready for signature,

(1) because I consider deficit financing out of surplus, unsound and impractical. Further, it does not give Newfoundland the chance to adjust itself, smoothly, to the status of a province.

(2) I can see no relief for our people from the present load of taxation, and there is a possibility that it will have to be substantially increased.

There are other reasons which I cannot advance here, but from the two mentioned you will gather that I cannot accept the financial assistance offered as being adequate for the country's requirements. Furthermore, I can see very little prospect of improvement after the first eight-year period, when our deficit will be very large. Even though a Royal Commission will be appointed to study and recommend what further assistance may be necessary there is no assurance that their recommendations will be implemented.

Please express to the Canadian Cabinet Committee my appreciation of the many courtesies they have shown me during my stay in Ottawa and convey to them also the views I have expressed herein.

I will be making a minority report to the Governor in Commission upon my return to Newfoundland, under the terms of my appointment.

If you should wish me to do anything further, please let me know.

Yours sincerely,

CHESLEY A. CROSBIE

799. 10300-B-40

Déclaration du secrétaire, la Commission pour Terre-Neuve[88]

Statement by Secretary, Commission of Government of Newfoundland[88]

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[88]Cette déclaration fut reproduite dans les journaux de Terre-Neuve le 10 décembre.

[88]This statement was printed in the Newfoundland newspapers on December 10.

St. John's, December 9, 1948

His Excellency the Governor in Commission is in receipt of a communication from the Acting High Commissioner for Canada informing him that the terms of union of Newfoundland with Canada are to be signed in Ottawa on Saturday, December 11th, by representatives of Canada and Newfoundland and that details of the terms will be made public at the time of the signing ceremony which is expected to take place in the Senate Chamber some time between 12.30 p.m. and 2.30 p.m. Newfoundland Standard Time.

W. J. CAREW

800. 10300-B-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 422 St. John's, December 10, 1948

Following is text of story appearing in this morning's *Daily News* under the byline "By our Special Correspondent." "Ches Crosbie has refused to sign the final terms of confederation. The former leader of the Economic Union Party made his decision known to A. J. Walsh, Chairman of the Newfoundland delegation, at 10:30 tonight. Interviewed immediately afterwards by the *News* representative Mr. Crosbie stated that having examined the revised Canadian proposals very thoroughly he could only conclude that the deal would not provide Newfoundland with sufficient security. Said Mr. Crosbie: 'It is inevitable that despite the additional financial aid obtained by the delegation, Newfoundland will have substantial deficits from almost the first year of union. This is not guesswork or speculation on my part. Competent authorities on both sides have shown conclusively that Newfoundland will have an average yearly deficit of over three millions in each of the first eight years. These deficits can only be covered by drawing on the surplus and such an arrangement, in my opinion is very unsound.' Mr. Crosbie pointed out that although the size of the yearly deficits is almost certain to increase, yet at the end of a very few years there will be no surplus left with which to meet them.

'Newfoundland will then be at the mercy of a Federally appointed Royal Commission whose recommendations the Canadian Government is not obligated to put into effect. The thing in a nutshell is that in my opinion Federal aid to Newfoundland is not great enough or will not continue for a long enough period to enable Newfoundland to make a smooth and successful change-over to the status of a Canadian Province. I may be wrong. If future events prove me so I will be the first to admit it, but in all honesty I cannot be a party to this arrangement which I do not consider to be the best interest of Newfoundland.' Asked if his refusal had any political significance Mr. Crosbie replied: 'Absolutely and posi-

tively none. If the Newfoundland delegation had received what I considered a fair deal from the Canadian Government I would most certainly have signed, irrespective of my previous political views. I came to Ottawa on the understanding that if I did not consider the terms good enough I would have the right to refrain from signing. I have done my best during the last eight weeks of negotiations to obtain what I considered a good proposition for Newfoundland. However, Canada's final offer falls short of what I consider the irreducible minimum on which Newfoundland can operate as a Province and I am therefore exercising my right to disagree.'

Mr. Crosbie plans to leave Ottawa late tomorrow or early Saturday before the signing of the terms takes place. He will proceed to several United States cities on private business before returning home.

'You can tell the people back home that my conscience is clear.' Mr. Crosbie told your reporter. 'There will be those who will charge me with dividing the country but the country was divided long before now. I have no wish to see Newfoundland divided but the issues at stake are too great for me to sign terms which I consider unsatisfactory simply for the sake of peace and quietness.'

Mr. Crosbie's action is not expected to interfere with the original plan to have the final terms signed on Saturday at 2 o'clock Newfoundland time and there is every indication that the remaining six Newfoundland delegates will approve the Canadian proposal. Delegate Winter was the only one who could be reached tonight and he told your reporter that he will sign."

801. 10300-B-40

Mémorandum du ministère des Affaires extérieures

Memorandum by Department of External Affairs

SECRET Ottawa, December 10, 1948

NEWFOUNDLAND; SIGNATURE AND TERMS OF UNION; MEMORANDUM OF INTENTIONS

At the meeting of the Cabinet on December 10, it was agreed:

(a) that, subject to certain minor amendments the Terms of Union of Newfoundland with Canada, as submitted at this meeting, be approved;

(b) that the Acting Secretary of State for External Affairs be authorized to settle, with the Chairman of the Newfoundland Delegation, any further minor textual changes which might be agreed in the final printing of the Terms of Union;

(c) that the Prime Minister and the Acting Secretary of State for External Affairs be authorized to sign on behalf of Canada the Terms of Union as finally settled and that an Order in Council be passed accordingly;

(d) that, with certain minor amendments agreed on, the draft letter from the Prime Minister to the Newfoundland Delegation and the attached memorandum of intentions as submitted be approved;[89]

(e) that Canada accept transfer of Admiralty rights in lands and buildings in Newfoundland on terms to be negotiated subsequently with the U.K. Government; and,

(f) that arrangements for signature of the Terms of Union be approved.

802. R.A.M./Vol. 3

Procès-verbal d'une réunion entre le Comité du Cabinet et la délégation de Terre-Neuve

Minutes of a Meeting between Cabinet Committee and Delegation of Newfoundland

SECRET

MINUTES OF A MEETING OF THE CABINET COMMITTEE AND THE NEWFOUNDLAND DELEGATION IN ROOM 497, PARLIAMENT BUILDINGS ON FRIDAY, DECEMBER 10TH, 1948, AT 11:00 AND AT 3:00 P.M.

PRESENT:

CANADIAN CABINET COMMITTEE

The Minister of National Defence, (Mr. Claxton),
The Minister of Veterans Affairs, (Mr. Gregg).

NEWFOUNDLAND DELEGATION

Mr. A.J. Walsh (co-chairman)
Mr. F.G. Bradley,
Mr. J.B. McEvoy,
Mr. P. Gruchy,
Mr. G.A. Winter,
Mr. J.R. Smallwood.

SECRETARIAT:

Mr. J.R. Baldwin

Mr. J. Channing

ALSO PRESENT:

Mr. C.J. Burchell, Canadian High Commissioner in Newfoundland,
Mr. W.E. Harris, Parliamentary Assistant to the Prime Minister,

[89]Voir le document 805.

[89]See Document 805.

Mr. R.A. MacKay, Dept. of External Affairs,
Mr. H.R. Horne, Dept. of External Affairs,
Mr. M.W. Sharp, Dept. of Finance,
Mr. C. Stein, Department of Justice,
Mr. E.A. Driedger, Department of Justice,
Capt. J.W. Kerr, Department of Transport
Mr. P.L. Young, Assistant Deputy Minister of National Revenue.

Mr. H.G. Puddester, Secretary for Justice,
Mr. J.C. Thompson, Financial Adviser.

I. SIGNATURE OF TERMS

1. THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION reported that one member of the delegation, Mr. Crosbie, had indicated by letter that he would be unable to sign the agreement on terms of union.

2. THE MEETING noted Mr. Walsh's statement.

II. TERMS OF UNION; SUPPLEMENTARY NOTE

3. THE MEETING, after final detailed review of the terms of union and the supplementary note, approved both documents for final printing on the understanding that further minor textual revisions might be made subject to agreement between Mr. Claxton and Mr. Walsh.

III. ARRANGEMENTS FOR SIGNATURE

4. THE MINISTER OF NATIONAL DEFENCE described the arrangements for the proposed ceremony of signature to be held in the Senate Chamber at 12:00 noon on Saturday, December 11th.

IV. EXPRESSIONS OF THANKS

5. THE MINISTER OF NATIONAL DEFENCE in closing the discussions referred to the pleasant relations with the Newfoundland delegation during the course of the negotiations and paid tribute to the work done by the advisers and officials assisting both delegations, mentioning in this connection the Parliamentary Assistant to the Prime Minister, Mr. Harris; the Canadian High Commissioner to Newfoundland, Mr. Burchell; the Deputy Minister of Transport, Mr. Lessard; Mr. MacKay and Mr. Horne of the Department of External Affairs; Mr. Stein and Mr. Driedger of the Department of Justice; Mr. Sharp of the Department of Finance; and the members of the Secretariat, Mr. Baldwin, Mr. Channing and Mr. Pelletier. Mention was also made of the very useful services performed by the advisers to the Newfoundland delegation Mr. Puddester and Mr. Thompson.

6. The Chairman of the Newfoundland delegation confirmed Mr. Claxton's statement in relation to the relations between the two delegations and repeated the tributes to the officials and advisers who had assisted both delegations in the course of the discussions.

J. R. BALDWIN

803. 10300-B-40

Décret en Conseil

Order in Council

P.C. 5772 Ottawa, December 10, 1948

The Committee of the Privy Council advise that the Right Honourable Louis S. St. Laurent, Prime Minister, and the Honourable Brooke Claxton, Acting Secretary of State for External Affairs be authorized to sign, on behalf of Canada, the annexed memorandum of agreement to be entered into on the eleventh day of December, 1948, setting forth the terms of union of Newfoundland with Canada.[90]

[TRADUCTION]

Traduction d'une délibération du Comité du Conseil privé approuvée par Son Excellence le Gouverneur général le 10 décembre 1948.

Le Comité du Conseil privé fait connaître que le très honorable Louis-S. Saint-Laurent, Premier ministre, et l'honorable Brooke Claxton, Secrétaire d'État suppléant aux Affaires extérieures, sont autorisés à signer, au nom du Canada, le mémorandum d'accord ci-joint, énonçant les conditions de l'union de Terre-Neuve et du Canada, qui sera conclu le onzième jour de décembre 1948.[90a]

804.

Conditions de l'union de Terre-Neuve au Canada[91]

Terms of Union of Newfoundland with Canada

MEMORANDUM OF AGREEMENT ENTERED INTO ON THE ELEVENTH DAY OF DECEMBER, 1948, BETWEEN CANADA AND NEWFOUNDLAND[92]

WHEREAS a delegation appointed from its members by the National Convention of Newfoundland, a body elected by the people of Newfoundland, consulted in 1947 with the Government of Canada to ascertain what fair and equitable basis might exist for the union of Newfoundland with Canada;

WHEREAS, following discussions with the delegation, the Government of Canada sent to His Excellency the Governor of Newfoundland for submission to the National Convention a statement of terms which the Government of Canada would be prepared to recommend to the Parliament of Canada as a fair and

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[90]See following document.

[90a]Voir le document suivant.

[91]Pour le texte en français, voir la page 1261.

[92]The schedule of the copy of the Terms of Union that was signed contained two minor errors which are not reproduced here. The errors were corrected and initialled by all the signatories. There are also references in documents to an error in line (g) of clause 31 but this line is unchanged in the official copies that were subsequently printed. The speeches by the Prime Minister and the Chairman of the Delegation of Newfoundland on this occasion are printed in Appendix H.

equitable basis for union, should the people of Newfoundland desire to enter into confederation;

WHEREAS the proposed terms were debated in the National Convention in Newfoundland and were before the people of Newfoundland when, by a majority at a referendum held on the twenty-second day of July, 1948, they expressed their desire to enter into confederation with Canada;

WHEREAS the Governments of the United Kingdom, Canada and Newfoundland agreed after the referendum that representatives of Canada and Newfoundland should meet and settle the final terms and arrangements for the union of Newfoundland with Canada;

AND WHEREAS authorized representatives of Canada and authorized representatives of Newfoundland have settled the terms hereinafter set forth as the Terms of Union of Newfoundland with Canada;

It is therefore agreed as follows:

TERMS OF UNION

UNION

1. On, from, and after the coming into force of these Terms (hereinafter referred to as the date of Union), Newfoundland shall form part of Canada and shall be a province thereof to be called and known as the Province of Newfoundland.

2. The Province of Newfoundland shall comprise the same territory as at the date of Union, that is to say, the island of Newfoundland and the islands adjacent thereto, the Coast of Labrador as delimited in the report delivered by the Judicial Committee of His Majesty's Privy Council on the first day of March, 1927, and approved by His Majesty in His Privy Council on the twenty-second day of March, 1927, and the islands adjacent to the said Coast of Labrador.

APPLICATION OF THE BRITISH NORTH AMERICA ACTS

3. The British North America Acts, 1867 to 1946, shall apply to the Province of Newfoundland in the same way and to the like extent as they apply to the provinces heretofore comprised in Canada, as if the Province of Newfoundland had been one of the provinces originally united, except insofar as varied by these Terms and except such provisions as are in terms made or by reasonable intendment may be held to be specially applicable to or only to affect one or more and not all of the provinces originally united.

REPRESENTATION IN PARLIAMENT

4. The Province of Newfoundland shall be entitled to be represented in the Senate by six members, and in the House of Commons by seven members out of a total membership of two hundred and sixty-two.

5. Representation in the Senate and in the House of Commons shall from time to time be altered or readjusted in accordance with the British North America Acts, 1867 to 1946.

6. (1) Until the Parliament of Canada otherwise provides, the Province of Newfoundland shall for the purposes of the election of members to serve in the

House of Commons, be divided into the electoral divisions named and delimited in the Schedule to these Terms, and each such division shall be entitled to return one member.

(2) For the first election of members to serve in the House of Commons, if held otherwise than as part of a general election, the Governor General in Council may cause writs to be issued and may fix the day upon which the polls shall be held, and, subject to the foregoing, the laws of Canada relating to by-elections shall apply to an election held pursuant to any writ issued under this Term.

(3) The Chief Electoral Officer shall have authority to adapt the provisions of The Dominion Elections Act, 1938, to conditions existing in the Province of Newfoundland so as to conduct effectually the first election of members to serve in the House of Commons.

PROVINCIAL CONSTITUTION

7. The Constitution of Newfoundland as it existed immediately prior to the sixteenth day of February, 1934, is revived at the date of Union and shall, subject to these Terms and the British North America Acts, 1867 to 1946, continue as the Constitution of the Province of Newfoundland from and after the date of Union, until altered under the authority of the said Acts.

Executive

8. (1) For the Province of Newfoundland there shall be an officer styled the Lieutenant-Governor, appointed by the Governor General in Council by instrument under the Great Seal of Canada.

(2) Pending the first appointment of a Lieutenant-Governor for the Province of Newfoundland and the assumption of his duties as such, the Chief Justice, or if the office of Chief Justice is vacant, the senior judge, of the Supreme Court of Newfoundland, shall execute the office and functions of Lieutenant-Governor under his oath of office as such Chief Justice or senior judge.

9. The Constitution of the Executive Authority of Newfoundland as it existed immediately prior to the sixteenth day of February, 1934, shall, subject to these Terms and the British North America Acts, 1867 to 1946, continue as the Constitution of the Executive Authority of the Province of Newfoundland from and after the date of Union, until altered under the authority of the said Acts.

10. The Lieutenant-Governor in Council shall as soon as may be after the date of Union adopt and provide a Great Seal of the Province of Newfoundland and may from time to time change such seal.

11. All powers, authorities, and functions that under any statute were at or immediately prior to the date of Union vested in or exercisable by the Governor of Newfoundland, individually, or in Council, or in Commission,

(a) as far as they are capable of being exercised after the date of Union in relation to the Government of Canada, shall be vested in and shall or may be exercised by the Governor General, with the advice, or with the advice and consent, or in conjunction with, the King's Privy Council for Canada or any member or members thereof, or by the Governor General individually, as the case requires, subject nevertheless to be abolished or altered by the Parliament of Canada under the authority of the British North America Acts, 1867 to 1946; and

(b) as far as they are capable of being exercised after the date of Union in relation to the Government of the Province of Newfoundland, shall be vested in and shall or may be exercised by the Lieutenant-Governor of the Province of Newfoundland, with the advice, or with the advice and consent, or in conjunction with, the Executive Council of the Province of Newfoundland or any member or members thereof, or by the Lieutenant-Governor individually, as the case requires, subject nevertheless to be abolished or altered by the Legislature of the Province of Newfoundland under the authority of the British North America Acts, 1867 to 1946.

12. Until the Parliament of Canada otherwise provides, the powers, authorities, and functions vested in or imposed on any member of the Commission of Government of Newfoundland, as such member or as a Commissioner charged with the administration of a Department of the Government of Newfoundland, at or immediately prior to the date of Union in relation to matters other than those coming within the classes of subjects by the British North America Acts, 1867 to 1946, assigned exclusively to the Legislature of a province, shall in the Province of Newfoundland be vested in or imposed on such person or persons as the Governor General in Council may appoint or designate.

13. Until the Legislature of the Province of Newfoundland otherwise provides, the powers, authorities, and functions vested in or imposed on any member of the Commission of Government of Newfoundland, as such member or as a Commissioner charged with the administration of a Department of the Government of Newfoundland, at or immediately prior to the date of Union in relation to matters coming within the classes of subjects by the British North America Acts, 1867 to 1946, assigned exclusively to the Legislature of a province, shall in the Province of Newfoundland be vested in or imposed on such person or persons as the Lieutenant-Governor in Council may appoint or designate.

Legislature

14. (1) Subject to paragraph two of this Term, the Constitution of the Legislature of Newfoundland as it existed immediately prior to the sixteenth day of February, 1934, shall, subject to these Terms and the British North America Acts, 1867 to 1946, continue as the Constitution of the Legislature of the Province of Newfoundland from and after the date of Union, until altered under the authority of the said Acts.

(2) The Constitution of the Legislature of Newfoundland insofar as it relates to the Legislative Council shall not continue, but the Legislature of the Province of Newfoundland may at any time re-establish the Legislative Council or establish a new Legislative Council.

15. (1) Until the Legislature of the Province of Newfoundland otherwise provides, the powers, authorities, and functions vested in or imposed on a Minister or other public officer or functionary under any statute of Newfoundland relating to the Constitution of the Legislature of Newfoundland as it existed immediately prior to the sixteenth day of February, 1934, shall, subject to these Terms and the British North America Acts, 1867 to 1946, be vested in or imposed on such person or persons as the Lieutenant-Governor in Council may appoint or designate.

(2) Until the Legislature of the Province of Newfoundland otherwise provides,

(a) the list of electors prepared pursuant to The List of Electors Act, 1947, shall be deemed to be the list of electors for the purposes of The Election Act, 1913, subject to the provisions of The Election Act, 1913, respecting supplementary lists of electors;

(b) the franchise shall be extended to female British subjects who have attained the full age of twenty-one years and are otherwise qualified as electors;

(c) the Coast of Labrador together with the islands adjacent thereto shall constitute an additional electoral district to be known as Labrador and to be represented by one member, and residents of the said district who are otherwise qualified as electors shall be entitled to vote; and

(d) the Lieutenant-Governor in Council may by proclamation defer any election in the electoral district of Labrador for such period as may be specified in the proclamation.

16. The Legislature of the Province of Newfoundland shall be called together not later than four months after the date of Union.

EDUCATION

17. In lieu of section ninety-three of the British North America Act, 1867, the following Term shall apply in respect of the Province of Newfoundland:

In and for the Province of Newfoundland the Legislature shall have exclusive authority to make laws in relation to education, but the Legislature will not have authority to make laws prejudicially affecting any right or privilege with respect to denominational schools, common (amalgamated) schools, or denominational colleges, that any class or classes of persons have by law in Newfoundland at the date of Union, and out of public funds of the Province of Newfoundland provided for education,

(a) all such schools shall receive their share of such funds in accordance with scales determined on a non-discriminatory basis from time to time by the Legislature for all schools then being conducted under authority of the Legislature; and

(b) all such colleges shall receive their share of any grant from time to time voted for all colleges then being conducted under authority of the Legislature, such grant being distributed on a non-discriminatory basis.

CONTINUATION OF LAWS

General

18. (1) Subject to these Terms, all laws in force in Newfoundland at or immediately prior to the date of Union shall continue therein as if the Union had not been made, subject nevertheless to be repealed, abolished, or altered by the Parliament of Canada or by the Legislature of the Province of Newfoundland according to the authority of the Parliament or of the Legislature under the British North America Acts, 1867 to 1946, and all orders, rules, and regulations made under any such laws shall likewise continue, subject to be revoked or amended by the body or person that made such orders, rules, or regulations or the

body or person that has power to make such orders, rules, or regulations after the date of Union, according to their respective authority under the British North America Acts, 1867 to 1946.

(2) Statutes of the Parliament of Canada in force at the date of Union, or any part thereof, shall come into force in the Province of Newfoundland on a day or days to be fixed by Act of the Parliament of Canada or by proclamation of the Governor General in Council issued from time to time, and any such proclamation may provide for the repeal of any of the laws of Newfoundland that

(a) are of general application;

(b) relate to the same subject matter as the statute or part thereof so proclaimed; and

(c) could be repealed by the Parliament of Canada under paragraph one of this Term.

(3) Notwithstanding anything in these Terms, the Parliament of Canada may with the consent of the Legislature of the Province of Newfoundland repeal any law in force in Newfoundland at the date of Union.

(4) Except as otherwise provided by these Terms, all courts of civil and criminal jurisdiction and all legal commissions, powers, authorities, and functions, and all officers and functionaries, judicial, administrative, and ministerial, existing in Newfoundland at or immediately prior to the date of Union, shall continue in the Province of Newfoundland as if the Union had not been made, until altered, abolished, revoked, terminated, or dismissed by the appropriate authority under the British North America Acts, 1867 to 1946.

Supply

19. Any statute of Newfoundland enacted prior to the date of Union for granting to His Majesty sums of money for defraying expenses of, and for other purposes relating to, the public service of Newfoundland, for the financial year ending the thirty-first day of March, one thousand nine hundred and fifty, shall have effect after the date of Union according to its terms, until otherwise provided by the Legislature of the Province of Newfoundland.

Patents

20. (1) Subject to this Term, Canada will provide that letters patent for inventions issued under the laws of Newfoundland prior to the date of Union shall be deemed to have been issued under the laws of Canada, as of the date and for the term thereof.

(2) Canada will provide further that in the event of conflict between letters patent for an invention issued under the laws of Newfoundland prior to the date of Union and letters patent for an invention issued under the laws of Canada prior to the date of Union

(a) the letters patent issued under the laws of Newfoundland shall have the same force and effect in the Province of Newfoundland as if the Union had not been made, and all rights and privileges acquired under or by virtue thereof may continue to be exercised or enjoyed in the Province of Newfoundland as if the Union had not been made; and

(b) the letters patent issued under the laws of Canada shall have the same force and effect in any part of Canada other than the Province of Newfoundland as if the Union had not been made, and all rights and privileges acquired under or by virtue thereof may continue to be exercised or enjoyed in any part of Canada other than the Province of Newfoundland as if the Union had not been made.

(3) The laws of Newfoundland existing at the date of Union shall continue to apply in respect of applications for the grant of letters patent for inventions under the laws of Newfoundland pending at the date of Union, and any letters patent for inventions issued upon such applications shall, for the purposes of this Term, be deemed to have been issued under the laws of Newfoundland prior to the date of Union; and letters patent for inventions issued under the laws of Canada upon applications pending at the date of Union shall, for the purposes of this Term, be deemed to have been issued under the laws of Canada prior to the date of Union.

(4) Nothing in this Term shall be construed to prevent the Parliament of Canada from providing that no claims for infringement of a patent issued in Canada prior to the date of Union shall be entertained by any court against any person for anything done in Newfoundland prior to the date of Union in respect of the invention protected by such patent, and that no claims for infringement of a patent issued in Newfoundland prior to the date of Union shall be entertained by any court against any person for anything done in Canada prior to the date of Union in respect of the invention protected by such patent.

Trade Marks

21. (1) Canada will provide that the registration of a trade mark under the laws of Newfoundland prior to the date of Union shall have the same force and effect in the Province of Newfoundland as if the Union had not been made, and all rights and privileges acquired under or by virtue thereof may continue to be exercised or enjoyed in the Province of Newfoundland as if the Union had not been made.

(2) The laws of Newfoundland existing at the date of Union shall continue to apply in respect of applications for the registration of trade marks under the laws of Newfoundland pending at the date of Union and any trade marks registered upon such applications shall, for the purposes of this Term, be deemed to have been registered under the laws of Newfoundland prior to the date of Union.

Fisheries

22. (1) In this Term, the expression "Fisheries Laws" means the Act No. 11 of 1936, entitled "An Act for the creation of the Newfoundland Fisheries Board," the Act No. 14 of 1936, entitled "An Act to Prevent the Export of Fish Without Licence," the Act No. 32 of 1936, entitled "An Act to Amend the Newfoundland Fisheries Board Act (No. 11 of 1936)," the Act No. 37 of 1938, entitled "An Act Further to Amend the Newfoundland Fisheries Board Act, 1936," the Act No. 10 of 1942, entitled "An Act Respecting Permits for the Exportation of Salt Fish," the Act No. 39 of 1943, entitled "An Act Further to Amend the Newfoundland Fisheries Board Act, 1936," the Act No. 16 of 1944, entitled "An Act Further to Amend the Newfoundland Fisheries Board Acts, 1936-38," and the Act No. 42 of 1944, entitled "An Act Further to Amend the Newfoundland

Fisheries Board Act, 1936," insofar as they relate to the export marketing of salted fish from Newfoundland to other countries or to any provinces of Canada.

(2) Subject to this Term, all Fisheries Laws and all orders, rules, and regulations made thereunder shall continue in force in the Province of Newfoundland as if the Union had not been made, for a period of five years from the date of Union and thereafter until the Parliament of Canada otherwise provides, and shall continue to be administered by the Newfoundland Fisheries Board; and the costs involved in the maintenance of the Board and the administration of the Fisheries Laws shall be borne by the Government of Canada.

(3) The powers, authorities, and functions vested in or imposed on the Governor in Commission or the Commissioner for Natural Resources under any of the Fisheries Laws shall after the date of Union respectively be vested in or imposed on the Governor General in Council and the Minister of Fisheries of Canada or such other Minister as the Governor General in Council may designate.

(4) Any of the Fisheries Laws may be repealed or altered at any time within the period of five years from the date of Union by the Parliament of Canada with the consent of the Lieutenant-Governor in Council of the Province of Newfoundland and all orders, rules, and regulations made under the authority of any Fisheries Laws may be revoked or altered by the body or person that made them or, in relation to matters to which paragraph three of this Term applies, by the body or person that under the said paragraph three has power to make such orders, rules, or regulations under the Fisheries Laws after the date of Union.

(5) The Chairman of the Newfoundland Fisheries Board or such other member of the Newfoundland Fisheries Board as the Governor General in Council may designate shall perform in the Province of Newfoundland the duties of Chief Supervisor and Chief Inspector of the Department of Fisheries of the Government of Canada, and employees of the Newfoundland Fisheries Board shall become employees in that Department in positions comparable to those of the employees in that Department in other parts of Canada.

(6) Terms eleven, twelve, thirteen and eighteen are subject to this Term.

FINANCIAL TERMS

Debt

23. Canada will assume and provide for the servicing and retirement of the stock issued or to be issued on the security of Newfoundland pursuant to The Loan Act, 1933, of Newfoundland and will take over the Sinking Fund established under that Act.

Financial Surplus

24. (1) In this Term the expression "financial surplus" means the balances standing to the credit of the Newfoundland Exchequer at the date of Union (less such sums as may be required to discharge accounts payable at the date of Union in respect of appropriations for the public services) and any public moneys or public revenue (including loans and advances referred to in Term twenty-five) in respect of any matter, thing, or period prior to the date of Union recovered by the Government of the Province of Newfoundland subsequent to the date of Union.

(2) Newfoundland will retain its financial surplus subject to the following conditions:

(a) one-third of the surplus shall be set aside during the first eight years from the date of Union, on deposit with the Government of Canada, to be withdrawn by the Government of the Province of Newfoundland only for expenditures on current account to facilitate the maintenance and improvement of Newfoundland public services, and any portion of this one-third of the surplus remaining unspent at the end of the eight-year period shall become available to the Province of Newfoundland without the foregoing restriction;

(b) the remaining two-thirds of the surplus shall be available to the Government of the Province of Newfoundland for the development of resources and for the establishment or extension of public services within the Province of Newfoundland; and

(c) no part of the surplus shall be used to subsidize the production or sale of products of the Province of Newfoundland in unfair competition with similar products of other provinces of Canada, but nothing in this paragraph shall preclude the Province of Newfoundland from assisting industry by developmental loans on reasonable conditions or by ordinary provincial administrative services.

(3) The Government of the Province of Newfoundland will have the right within one year from the date of Union to deposit with the Government of Canada all or any part of its financial surplus held in dollars and on the thirty-first day of March and the thirtieth day of September in each year to receive with respect thereto interest at the rate of two and five-eighths per centum per annum during a maximum period of ten years from the date of Union on the minimum balance outstanding at any time during the six-month period preceding payment of interest.

Loans

25. (1) The Province of Newfoundland will retain its interest in, and any securities arising from or attaching to, any loans or advances of public funds made by the Government of Newfoundland prior to the date of Union.

(2) Unless otherwise agreed by the Government of Canada, paragraph one of this Term shall not apply to any loans or advances relating to any works, property, or services taken over by Canada pursuant to Term thirty-one or Term thirty-three.

Subsidies

26. Canada will pay to the Province of Newfoundland the following subsidies:

(a) an annual subsidy of $180,000 and an annual subsidy equal to 80 cents per head of the population of the Province of Newfoundland (being taken at 325,000 until the first decennial census after the date of Union), subject to be increased to conform to the scale of grants authorized by the British North America Act, 1907, for the local purposes of the Province and the support of its Government and Legislature, but in no year shall sums payable under this paragraph be less than those payable in the first year after the date of Union; and

(b) an additional annual subsidy of $1,100,000 payable for the like purposes as the various fixed annual allowances and subsidies provided by statutes of the

Parliament of Canada from time to time for the Provinces of Nova Scotia, New Brunswick, and Prince Edward Island or any of them and in recognition of the special problems of the Province of Newfoundland by reason of geography and its sparse and scattered population.

Tax Agreement

27. (1) The Government of Canada will forthwith after the date of Union make an offer to the Government of the Province of Newfoundland to enter into a tax agreement for the rental to the Government of Canada of the income, corporation income, and corporation tax fields, and the succession duties tax field.

(2) The offer to be made under this Term will be similar to the offers to enter into tax agreements made to other provinces, necessary changes being made to adapt the offer to circumstances arising out of the Union, except that the offer will provide that the agreement may be entered into either for a number of fiscal years expiring at the end of the fiscal year in 1952, as in the case of other provinces, or for a number of fiscal years expiring at the end of the fiscal year in 1957, at the option of the Government of the Province of Newfoundland, but if the Government of the Province of Newfoundland accepts the latter option the agreement will provide that the subsequent entry into a tax agreement by the Government of Canada with any other province will not entitle the Government of the Province of Newfoundland to any alteration in the terms of its agreement.

(3) The offer of the Government of Canada to be made under this Term may be accepted by the Government of the Province of Newfoundland within nine months after the date of the offer but if it is not so accepted will thereupon expire.

(4) The Government of the Province of Newfoundland shall not by any agreement entered into pursuant to this Term be required to impose on any person or corporation taxation repugnant to the provisions of any contract entered into with such person or corporation before the date of the agreement and subsisting at the date of the agreement.

(5) If the Province of Newfoundland enters into a tax agreement pursuant to this Term the subsidies payable under Term twenty-six will, as in the case of similar subsidies to other provinces, be included in the computation of tax agreement payments.

Transitional Grants

28. (1) In order to facilitate the adjustment of Newfoundland to the status of a province of Canada and the development by the Province of Newfoundland of revenue-producing services, Canada will pay to the Province of Newfoundland each year during the first twelve years after the date of Union a transitional grant as follows, payment in each year to be made in equal quarterly instalments commencing on the first day of April, namely,

First year	$6,500,000
Second year	6,500,000
Third year	6,500,000
Fourth year	5,650,000
Fifth year	4,800,000
Sixth year	3,950,000
Seventh year	3,100,000

Eighth year	2,250,000
Ninth year	1,400,000
Tenth year	1,050,000
Eleventh year	700,000
Twelfth year	350,000

(2) The Government of the Province of Newfoundland will have the right to leave on deposit with the Government of Canada any portion of the transitional grant for the first eight years with the right to withdraw all or any portion thereof in any subsequent year and on the thirty-first day of March and the thirtieth day of September in each year to receive in respect of any amounts so left on deposit interest at the rate of two and five-eighths per centum per annum up to a maximum period of ten years from the date of Union on the minimum balance outstanding at any time during the six-month period preceding payment of interest.

Review of Financial Position

29. In view of the difficulty of predicting with sufficient accuracy the financial consequences to Newfoundland of becoming a province of Canada, the Government of Canada will appoint a Royal Commission within eight years from the date of Union to review the financial position of the Province of Newfoundland and to recommend the form and scale of additional financial assistance, if any, that may be required by the Government of the Province of Newfoundland to enable it to continue public services at the levels and standards reached subsequent to the date of Union, without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the Maritime Provinces of Nova Scotia, New Brunswick, and Prince Edward Island.

MISCELLANEOUS PROVISIONS

Salaries of Lieutenant-Governor and Judges

30. The salary of the Lieutenant-Governor and the salaries, allowances, and pensions of the judges of such superior, district, and county courts as are now or may hereafter be constituted in the Province of Newfoundland shall be fixed and provided by the Parliament of Canada.

Public Services, Works and Property

31. At the date of Union, or as soon thereafter as practicable, Canada will take over the following services and will as from the date of Union relieve the Province of Newfoundland of the public costs incurred in respect of each service taken over, namely,

(a) the Newfoundland Railway, including steamship and other marine services;

(b) the Newfoundland Hotel, if requested by the Government of the Province of Newfoundland within six months from the date of Union;

(c) postal and publicly-owned telecommunication services;

(d) civil aviation, including Gander Airport;

(e) customs and excise;

(f) defence;

(g) protection and encouragement of fisheries and operation of bait services;

(h) geographical, topographical, geodetic, and hydrographic surveys;

(i) lighthouses, fog alarms, buoys, beacons, and other public works and services in aid of navigation and shipping;

(j) marine hospitals, quarantine, and the care of ship-wrecked crews;

(k) the public radio broadcasting system; and

(l) other public services similar in kind to those provided at the date of Union for the people of Canada generally.

32. (1) Canada will maintain in accordance with the traffic offering a freight and passenger steamship service between North Sydney and Port aux Basques, which, on completion of a motor highway between Corner Brook and Port aux Basques, will include suitable provision for the carriage of motor vehicles.

(2) For the purpose of railway rate regulation the Island of Newfoundland will be included in the Maritime region of Canada, and through traffic moving between North Sydney and Port aux Basques will be treated as all-rail traffic.

(3) All legislation of the Parliament of Canada providing for special rates on traffic moving within, into, or out of, the Maritime region will, as far as appropriate, be made applicable to the Island of Newfoundland.

33. The following public works and property of Newfoundland shall become the property of Canada when the service concerned is taken over by Canada, subject to any trusts existing in respect thereof, and to any interest other than that of Newfoundland in the same, namely,

(a) the Newfoundland Railway, including rights of way, wharves, drydocks, and other real property, rolling stock, equipment, ships, and other personal property;

(b) the Newfoundland Airport at Gander, including buildings and equipment, together with any other property used for the operation of the Airport;

(c) the Newfoundland Hotel and equipment;

(d) public harbours, wharves, break-waters, and aids to navigation;

(e) bait depots and the motor vessel *Malakoff*;

(f) military and naval property, stores, and equipment;

(g) public dredges and vessels except those used for services that remain the responsibility of Newfoundland and except the nine motor vessels known as the Clarenville boats;

(h) the public telecommunication system, including rights of way, land lines, cables, telephones, radio stations, and other real and personal property;

(i) real and personal property of the Broadcasting Corporation of Newfoundland; and

(j) subject to the provisions of Term thirty-four, customs houses, and post-offices and generally all public works and property, real and personal, used primarily for services taken over by Canada.

34. Where at the date of Union any public buildings of Newfoundland included in paragraph (j) of Term thirty-three are used partly for services taken over by

Canada and partly for services of the Province of Newfoundland the following provisions shall apply:

(a) where more than half the floor space of a building is used for services taken over by Canada the building shall become the property of Canada and where more than half the floor space of a building is used for services of the Province of Newfoundland the building shall remain the property of the Province of Newfoundland;

(b) Canada shall be entitled to rent from the Province of Newfoundland on terms to be mutually agreed such space in the buildings owned by the Province of Newfoundland as is used for the services taken over by Canada and the Province of Newfoundland shall be entitled to rent from Canada on terms to be mutually agreed such space in the buildings owned by Canada as is used for the services of the Province of Newfoundland;

(c) the division of buildings for the purposes of this Term shall be made by agreement between the Government of Canada and the Government of the Province of Newfoundland as soon as practicable after the date of Union; and

(d) if the division in accordance with the foregoing provisions results in either Canada or the Province of Newfoundland having a total ownership that is substantially out of proportion to the total floor space used for its services an adjustment of the division will be made by mutual agreement between the two Governments.

35. Newfoundland public works and property not transferred to Canada by or under these Terms will remain the property of the Province of Newfoundland.

36. Without prejudice to the legislative authority of the Parliament of Canada under the British North America Acts, 1867 to 1946, any works, property, or services taken over by Canada pursuant to these Terms shall thereupon be subject to the legislative authority of the Parliament of Canada.

Natural Resources

37. All lands, mines, minerals, and royalties belonging to Newfoundland at the date of Union, and all sums then due or payable for such lands, mines, minerals, or royalties, shall belong to the Province of Newfoundland, subject to any trusts existing in respect thereof, and to any interest other than that of the Province in the same.

Veterans

38. Canada will make available to Newfoundland veterans the following benefits, on the same basis as they are from time to time available to Canadian veterans, as if the Newfoundland veterans had served in His Majesty's Canadian forces, namely,

(a) The War Veterans' Allowance Act, 1946, free hospitalization and treatment, and civil service preference will be extended to Newfoundland veterans who served in the First World War or the Second World War or both;

(b) Canada will assume as from the date of Union the Newfoundland pension liability in respect of the First World War, and in respect of the Second World War Canada will assume as from the date of Union the cost of supplementing disability and dependants' pensions paid by the Government of the United King-

dom or an Allied country to Newfoundland veterans up to the level of the Canadian rates of pensions, and, in addition, Canada will pay pensions arising from disabilities that are pensionable under Canadian law but not pensionable either under the laws of the United Kingdom or under the laws of an Allied country;

(c) The Veterans' Land Act, 1942, Part IV of the Unemployment Insurance Act, 1940, The Veterans' Business and Professional Loans Act, and The Veterans Insurance Act will be extended to Newfoundland veterans who served in the Second World War;

(d) a re-establishment credit will be made available to Newfoundland veterans who served in the Second World War equal to the re-establishment credit that might have been made available to them under The War Service Grants Act, 1944, if their service in the Second World War had been service in the Canadian forces, less the amount of any pecuniary benefits of the same nature granted or paid by the Government of any country other than Canada;

(e) Canada will assume, as from the date of Union, the cost of vocational and educational training of Newfoundland veterans of the Second World War on the same basis as if they had served in His Majesty's Canadian forces; and

(f) sections six, seven, and eight of The Veterans Rehabilitation Act will be extended to Newfoundland veterans of the Second World War who have not received similar benefits from the Government of any country other than Canada.

Public Servants

39. (1) Employees of the Government of Newfoundland in the services taken over by Canada pursuant to these Terms will be offered employment in these services or in similar Canadian services under the terms and conditions from time to time governing employment in those services, but without reduction in salary or loss of pension rights acquired by reason of service in Newfoundland.

(2) Canada will provide the pensions for such employees so that the employees will not be prejudiced, and the Government of the Province of Newfoundland will reimburse Canada for the pensions for, or at its option make to Canada contributions in respect of, the service of these employees with the Government of Newfoundland prior to the date of Union, but these payments or contributions will be such that the burden on the Government of the Province of Newfoundland in respect of pension rights acquired by reason of service in Newfoundland will not be increased by reason of the transfer.

(3) Pensions of employees of the Government of Newfoundland who were retired on pension before the service concerned is taken over by Canada will remain the responsibility of the Province of Newfoundland.

Welfare and Other Public Services

40. Subject to these Terms, Canada will extend to the Province of Newfoundland, on the same basis and subject to the same terms and conditions as in the case of other provinces of Canada, the welfare and other public services provided from time to time by Canada for the people of Canada generally, which, in addition to the veterans' benefits, unemployment insurance benefits, and merchant seamen benefits set out in Terms thirty-eight, forty-one, and forty-two

respectively, include family allowances under The Family Allowances Act, 1944, unemployment insurance under The Unemployment Insurance Act, 1940, sick mariners' benefits for merchant seamen and fishermen under the Canada Shipping Act, 1934, assistance for housing under The National Housing Act, 1944, and, subject to the Province of Newfoundland entering into the necessary agreements or making the necessary contributions, financial assistance under The National Physical Fitness Act for carrying out plans of physical fitness, health grants, and contributions under the Old Age Pensions Act for old age pensions and pensions for the blind.

Unemployment Insurance

41. (1) Subject to this Term, Canada will provide that residents of the Province of Newfoundland in insurable employment who lose their employment within six months prior to the date of Union and are still unemployed at that date, or who lose their employment within a two-year period after that date, will be entitled for a period of six months from the date of Union or six months from the date of unemployment, whichever is the later, to assistance on the same scale and under the same conditions as unemployment insurance benefits.

(2) The rates of payment will be based on the individual's wage record for the three months preceding his loss of employment, and to qualify for assistance a person must have been employed in insurable employment for at least thirty per centum of the working days within the period of three months preceding his loss of employment or thirty per centum of the working days within the period since the date of Union, whichever period is the longer.

Merchant Seamen

42. (1) Canada will make available to Newfoundland merchant seamen who served in the Second World War on British ships or on ships of Allied countries employed in service essential to the prosecution of the war, the following benefits, on the same basis as they are from time to time available to Canadian merchant seamen, as if they had served on Canadian ships, namely,

(a) disability and dependants' pensions will be paid, if disability occurred as a result of enemy action or counter-action, including extraordinary marine hazards occasioned by the war, and a Newfoundland merchant seaman in receipt of a pension from the Government of the United Kingdom or an Allied country will be entitled, during residence in Canada, to have his pension raised to the Canadian level; and

(b) free hospitalization and treatment, vocational training, The Veterans' Land Act, 1942, and The Veterans Insurance Act will be extended to disability pensioners.

(2) Vocational training, Part IV of The Unemployment Insurance Act, 1940, and The Veterans Insurance Act will be extended to Newfoundland merchant seamen who were eligible for a Special Bonus or a War Service Bonus, on the same basis as if they were Canadian merchant seamen.

(3) The Unemployment Insurance Act, 1940, and The Merchant Seamen Compensation Act will be applied to Newfoundland merchant seamen as they are applied to other Canadian merchant seamen.

Citizenship

43. Suitable provision will be made for the extension of the Canadian citizenship laws to the Province of Newfoundland.

Defence Establishments

44. Canada will provide for the maintenance in the Province of Newfoundland of appropriate reserve units of the Canadian defence forces, which will include the Newfoundland Regiment.

Economic Survey

45. (1) Should the Government of the Province of Newfoundland institute an economic survey of the Province of Newfoundland with a view to determining what resources may profitably be developed and what new industries may be established or existing industries expanded, the Government of Canada will make available the services of its technical employees and agencies to assist in the work.

(2) As soon as may be practicable after the date of Union, the Government of Canada will make a special effort to collect and make available statistical and scientific data about the natural resources and economy of the Province of Newfoundland, in order to bring such information up to the standard attained for the other provinces of Canada.

Oleomargarine

46. (1) Oleomargarine or margarine may be manufactured or sold in the Province of Newfoundland after the date of the Union and the Parliament of Canada shall not prohibit or restrict such manufacture or sale except at the request of the Legislature of the Province of Newfoundland, but nothing in this Term shall affect the power of the Parliament of Canada to require compliance with standards of quality applicable throughout Canada.

(2) Unless the Parliament of Canada otherwise provides or unless the sale and manufacture in, and the interprovincial movement between, all provinces of Canada other than Newfoundland, of oleomargarine and margarine, is lawful under the laws of Canada, oleomargarine or margarine shall not be sent, shipped, brought, or carried from the Province of Newfoundland into any other province of Canada.

Income Taxes

47. In order to assist in the transition to payment of income tax on a current basis Canada will provide in respect of persons (including corporations) resident in Newfoundland at the date of Union, who were not resident in Canada in 1949 prior to the date of Union, and in respect of income that under the laws of Canada in force immediately prior to the date of Union was not liable to taxation, as follows:

(a) that prior to the first day of July, 1949, no payment will be required or deduction made from such income on account of income tax;

(b) that for income tax purposes no person shall be required to report such income for any period prior to the date of Union;

(c) that no person shall be liable to Canada for income tax in respect of such income for any period prior to the date of Union; and

(d) that for individuals an amount of income tax for the 1949 taxation year on income for the period after the date of Union shall be forgiven so that the tax on all earned income and on investment income of not more than $2,250 will be reduced to one-half the tax that would have been payable for the whole year if the income for the period prior to the date of Union were at the same rate as that subsequent to such date.

Statute of Westminster

48. From and after the date of Union the Statute of Westminster, 1931, shall apply to the Province of Newfoundland as it applies to the other Provinces of Canada.

Saving

49. Nothing in these Terms shall be construed as relieving any person from any obligation with respect to the employment of Newfoundland labour incurred or assumed in return for any concession or privilege granted or conferred by the Government of Newfoundland prior to the date of Union.

Coming into Force

50. These Terms are agreed to subject to their being approved by the Parliament of Canada and the Government of Newfoundland; shall take effect notwithstanding the Newfoundland Act, 1933, or any instrument issued pursuant thereto; and shall come into force immediately before the expiration of the thirty-first day of March, 1949, if His Majesty has theretofore given His Assent to an Act of the Parliament of the United Kingdom of Great Britain and Northern Ireland confirming the same.

Signed in duplicate at Ottawa this eleventh day of December, 1948.

On behalf of Canada:
LOUIS S. ST. LAURENT
BROOKE CLAXTON

On behalf of Newfoundland:
ALBERT J. WALSH
F. GORDON BRADLEY
PHILIP GRUCHY
JOHN B. MCEVOY
JOSEPH R. SMALLWOOD
G. A. WINTER

SCHEDULE

In this Schedule the expression "District" means District as named and delimited in the Act 22 George V Chapter 7 entitled "An Act to amend Chapter 2 of the Consolidated Statutes of Newfoundland (Third Series) entitled 'Of the House of Assembly'."

Grand Falls-White Bay shall consist of the Districts of White Bay, Green Bay, and Grand Falls, and all the territory within a radius of five miles of the Railway

Station at Gander, together with the Coast of Labrador and the Islands adjacent thereto.

Bonavista-Twillingate shall consist of the Districts of Twillingate, Fogo, Bonavista North, and Bonavista South, but shall not include any part of the territory within a radius of five miles from the Railway Station at Gander.

Trinity-Conception shall consist of the Districts of Trinity North, Trinity South, Carbonear-Bay de Verde, Harbour Grace, and Port de Grave.

St. John's East shall consist of the District of Harbour Main-Bell Island and that part of the Province bounded as follows, that is to say: By a line commencing at a point where the centre line of Beck's Cove Hill intersects the North shore of the Harbour of St. John's, thence following the centre line of Beck's Cove Hill to the centre of Duckworth Street, thence westerly along the centre line of Duckworth Street to the centre of Theatre Hill, thence following the centre line of Theatre Hill to the centre of Carter's Hill, thence following the centre line of Carter's Hill and Carter's Street to the centre of Freshwater Road, thence following the centre line of Freshwater Road to its intersection with the centre of Kenmount Road, and thence along the centre line of Kenmount Road to its intersection with the North Eastern boundary of the District of Harbour Main-Bell Island, thence along the said North Eastern boundary of the District of Harbour Main-Bell Island to the shore of Conception Bay and thence following the coastline around Cape St. Francis and on to the Narrows of St. John's Harbour and continuing along by the North Shore of St. John's Harbour to a point on the North shore of the said Harbour intersected by the centre line of Beck's Cove Hill, the point of commencement.

St. John's West shall consist of the Districts of Placentia-St. Mary's and Ferryland, and that part of the Province bounded as follows, that is to say: By a line commencing at the Motion Head of Petty Harbour and running in a straight line to the Northern Goulds Bridge (locally known as Doyle's Bridge) thence following the centre line of Doyle's Road to Short's Road, thence in a straight line to a point one mile west of Quigley's, thence in a straight line to the point where the North Eastern boundary of the District of Harbour Main-Bell Island intersects Kenmount Road, thence along the centre line of Kenmount Road and Freshwater Road to Carter's Street, thence down the centre line of Carter's Street and Carter's Hill to Theatre Hill and thence along the centre line of said Theatre Hill to the centre line of Duckworth Street and thence easterly along the centre line of Duckworth Street to the top of Beck's Cove Hill, thence from the centre line of said Beck's Cove Hill to the shore of St. John's Harbour and thence following the shore of St. John's Harbour and, passing through the Narrows by the North of Fort Amherst and thence following the coastline Southerly to the Motion Head of Petty Harbour, the point of commencement.

Burin-Burgeo shall consist of the Districts of Placentia West, Burin, Fortune Bay-Hermitage, and Burgeo and LaPoile and all the unorganized territory bounded on the North and West by the District of Grand Falls, on the South by the Districts of Burgeo and LaPoile and Fortune Bay-Hermitage, on the East by the Districts of Trinity North, Bonavista South and Bonavista North.

Humber-St. George's shall consist of the Districts of St. George's-Port au Port, Humber, and St. Barbe, and all the unorganized territory bounded on the North by the District of Humber, on the East by the District of Grand Falls, on the South by the District of Burgeo and LaPoile, and on the West by the District of St. George's-Port au Port.

ACCORD CONCLU LE ONZIÈME JOUR DE DÉCEMBRE 1948 ENTRE LE CANADA ET TERRE-NEUVE[93]

CONSIDÉRANT qu'une délégation choisie parmi les membres de la Convention nationale de Terre-Neuve, organisme élu par la population de Terre-Neuve, a consulté le gouvernement du Canada en 1947 aux fins de découvrir sur quelle base juste et équitable pourrait s'effectuer l'Union de Terre-Neuve au Canada; Considérant qu'à la suite de pourparlers avec la délégation, le gouvernement du Canada a transmis, à Son Excellence le gouverneur de Terre-Neuve pour qu'il soit soumis à la Convention nationale, un exposé des conditions que le gouvernement du Canada serait disposé à recommander au Parlement du Canada comme constituant une base d'Union juste et équitable, si la population de Terre-Neuve désirait entrer dans la Confédération;

CONSIDÉRANT que les conditions proposées ont été discutées à la Convention nationale de Terre-Neuve et soumises à la population de Terre-Neuve qui, par une majorité de voix lors d'un plébiscite tenu le vingt-deuxième jour de juillet 1948, a exprimé son désir de s'unir à la Confédération canadienne;

CONSIDÉRANT qu'à la suite du plébiscite les gouvernements du Royaume-Uni, du Canada et de Terre-Neuve ont convenu que des représentants du Canada et de Terre-Neuve devraient se réunir et arrêter les conditions et dispositions définitives en vue de l'Union de Terre-Neuve au Canada;

ET CONSIDÉRANT que des représentants autorisés du Canada et des représentants autorisés de Terre-Neuve ont arrêté comme conditions de l'Union de Terre-Neuve au Canada les clauses ci-après énoncées;

Il est, en conséquence, convenu de ce qui suit:

CONDITIONS DE L'UNION

UNION

1. A compter de l'entrée en vigueur des présentes clauses (ci-après désignée "la date de l'Union"), Terre-Neuve fera partie du Canada et constituera l'une de ses provinces, appelée province de Terre-Neuve et connue comme telle.

2. La province de Terre-Neuve comprendra le même territoire qu'à la date de l'Union, c'est-à-dire l'île de Terre-Neuve et les îles y adjacentes, ainsi que la côte du Labrador, tel qu'il a été délimité dans la décision rendue par le Comité judi-

[93]Dans l'annexe de la copie en anglais des Conditions de l'union qui fut signée, il y avait deux erreurs mineures qui ne sont pas reproduites dans cette version. Ces erreurs furent corrigées et signées d'initiales par les signataires. Il est aussi question dans certains documents d'une erreur à la ligne (g) de la clause 31 mais cette ligne est la même dans toutes les copies officielles imprimées par la suite. Les discours du Premier ministre et du président de la délégation de Terre-Neuve à l'occasion de la signature sont reproduits à l'appendice H.

ciaire du Conseil privé de Sa Majesté le premier jour de mars 1927, et approuvée par Sa Majesté en son Conseil privé le vingt-deuxième jour de mars 1927, et les îles adjacentes audit littoral du Labrador.

APPLICATION DES ACTES DE L'AMÉRIQUE DU NORD BRITANNIQUE

3. Les Actes de l'Amérique du Nord britannique, 1867 à 1946, s'appliqueront à la province de Terre-Neuve de la même façon et dans la même mesure qu'ils s'appliquent aux provinces comprises jusqu'ici dans le Canada, comme si la province de Terre-Neuve avait été l'une des provinces primitivement unies, sauf les dérogations apportées par les présentes clauses et les dispositions qui sont de façon expresse, ou qui peuvent être selon une interprétation raisonnable, spécialement applicables ou destinées à s'appliquer seulement à une ou quelques provinces primitivement unies, mais non à toutes ces dernières.

REPRÉSENTATION AU PARLEMENT

4. La province de Terre-Neuve aura droit d'être représentée au Sénat par six sénateurs, et à la Chambre des communes par sept députés sur un total de deux cent soixante-deux députés.

5. La représentation au Sénat et à la Chambre des communes sera, à l'occasion, modifiée ou rectifiée conformément aux Actes de l'Amérique du Nord britannique, 1867 à 1946.

6. (1) Jusqu'à décision contraire du Parlement du Canada, la province de Terre-Neuve, aux fins de l'élection de députés à la Chambre des communes, devra être répartie en divisions électorales nommées et délimitées à l'annexe aux présentes clauses, et chaque semblable division devra élire un député.

(2) Aux fins de la première élection de députés à la Chambre des communes, si ladite élection est tenue autrement que comme partie d'une élection générale, le gouverneur général en conseil pourra faire émettre des brefs et pourra fixer le jour où seront ouverts les bureaux de votation, et, sous réserve de ce qui précède, les lois du Canada relatives aux élections partielles s'appliqueront à une élection tenue aux termes de tout bref émis sous le régime de la présente clause.

(3) Le Directeur général des élections aura l'autorité d'adapter les dispositions de la *Loi des élections fédérales, 1938*, aux conditions existant dans la province de Terre-Neuve de façon à tenir efficacement la première élection des députés à la Chambre des communes.

CONSTITUTION DE LA PROVINCE

7. La constitution de Terre-Neuve, telle qu'elle existait immédiatement avant le seizième jour de février 1934, est remise en vigueur à la date de l'Union et, sous réserve des présentes clauses et des Actes de l'Amérique du Nord britannique, 1867 à 1946, continuera d'être la constitution de la province de Terre-Neuve, à compter de la date de l'Union, tant qu'elle n'aura pas été modifiée en vertu desdits actes.

Pouvoir exécutif

8. (1) Il y aura, pour la province de Terre-Neuve, un fonctionnaire appelé lieutenant-gouverneur, que le gouverneur général en conseil nommera par instrument sous le grand sceau du Canada.

(2) Jusqu'à ce qu'un lieutenant-gouverneur pour la province de Terre-Neuve soit en premier lieu nommé et qu'il ait assumé ses fonctions comme tel, le juge en chef, ou si la charge de juge en chef est vacante, le juge doyen, de la Cour suprême de Terre-Neuve remplira la charge et les fonctions de lieutenant-gouverneur sous son serment d'office en qualité de juge en chef ou juge doyen.

9. La constitution du pouvoir exécutif de Terre-Neuve, telle qu'elle existait immédiatement avant le seizième jour de février 1934, demeurera, sous réserve des présentes clauses et des Actes de l'Amérique du Nord britannique, 1867 à 1946, la constitution du pouvoir exécutif de la province de Terre-Neuve à compter de la date de l'Union et jusqu'à ce qu'elle soit modifiée en vertu desdits actes.

10. Le plus tôt possible après la date de l'Union le lieutenant-gouverneur en conseil adoptera et établira un grand sceau de la province de Terre-Neuve, et pourra à l'occasion modifier ledit sceau.

11. Les pouvoirs, attributions et fonctions, qui en vertu de toute loi étaient à la date de l'Union, ou immédiatement avant cette date, dévolus au gouverneur de Terre-Neuve ou que celui-ci pouvait exercer seul, en conseil ou en commission,

(a) dans la mesure où ils sont susceptibles d'être exercés après la date de l'Union relativement au gouvernement du Canada, seront dévolus au gouverneur général qui les exercera ou pourra les exercer, soit seul, soit sur l'avis, ou sur l'avis et du consentement du Conseil privé du Roi pour le Canada ou d'un ou de plusieurs de ses membres, ou de concert avec ledit Conseil ou un ou plusieurs de ses membres, selon les exigences en l'espèce, sous réserve cependant d'abolition ou de modification par le Parlement du Canada sous l'autorité des Actes de l'Amérique du Nord britannique, 1867 à 1946; et

(b) dans la mesure où ils sont susceptibles d'être exercés après la date de l'Union relativement au gouvernement de la province de Terre-Neuve, seront dévolus au lieutenant-gouverneur de la province de Terre-Neuve, qui les exercera ou pourra les exercer, soit seul, soit sur l'avis, ou sur l'avis et du consentement du conseil exécutif de la province de Terre-Neuve, ou d'un ou de plusieurs membres dudit conseil, ou de concert avec ledit conseil exécutif ou un ou plusieurs de ses membres, selon les exigences en l'espèce, sous réserve cependant d'abolition ou de modification par la législature de la province de Terre-Neuve sous l'autorité des Actes de l'Amérique du Nord britannique, 1867 à 1946.

12. Jusqu'à décision contraire du Parlement du Canada, les pouvoirs, attributions et fonctions dévolus ou imposés à tout membre de la Commission du gouvernement de Terre-Neuve, en qualité de membre de ladite commission ou à titre de commissaire chargé de l'administration d'un ministère du gouvernement de Terre-Neuve, à la date de l'Union, ou immédiatement avant cette date, relativement à d'autres questions que celles qui sont comprises dans les catégories de sujets soumis au contrôle exclusif de la législature d'une province, en vertu des Actes de l'Amérique du Nord britannique, 1867 à 1946, seront, dans la province de Terre-Neuve, dévolus ou imposés à la personne ou aux personnes que le gouverneur général en conseil pourra nommer ou désigner.

13. Jusqu'à décision contraire de la législature de la province de Terre-Neuve, les pouvoirs, attributions et fonctions dévolus ou imposés à tout membre de la

Commission du gouvernement de Terre-Neuve, en qualité de membre de ladite commission ou à titre de commissaire chargé de l'administration d'un ministère du gouvernement de Terre-Neuve, à la date de l'Union ou immédiatement avant cette date, relativement à des questions comprises dans les catégories de sujets soumis au contrôle exclusif de la législature d'une province, en vertu des Actes de l'Amérique du Nord britannique, 1867 à 1946, seront, dans la province de Terre-Neuve dévolus ou imposés à la personne ou aux personnes que le lieutenant-gouverneur en conseil pourra nommer ou désigner.

Législature

14. (1) Sous réserve de l'alinéa deux de la présente clause, la constitution de la législature de Terre-Neuve telle qu'elle existait immédiatement avant le seizième jour de février 1934, demeurera, subordonnément aux présentes clauses et aux Actes de l'Amérique du Nord britannique, 1867 à 1946, la constitution de la législature de la province de Terre-Neuve à compter de la date de l'Union, jusqu'à modification en vertu desdits actes.

(2) La constitution de la législature de Terre-Neuve dans la mesure où elle vise le Conseil législatif cessera d'être en vigueur, mais la législature de la province de Terre-Neuve pourra en tout temps rétablir le Conseil législatif ou en établir un nouveau.

15. (1) Jusqu'à décision contraire de la législature de la province de Terre-Neuve, les pouvoirs, attributions et fonctions dévolus ou imposés à un ministre ou autre officier ou fonctionnaire public sous le régime de toute loi de Terre-Neuve relative à la constitution de la législature de Terre-Neuve, telle qu'elle existait immédiatement avant le seixième jour de février 1934, seront, sous réserve des présentes clauses et des Actes de l'Amérique du Nord britannique, 1867 à 1946, dévolus ou imposés à la personne ou aux personnes que le lieutenant-gouverneur en conseil pourra nommer ou désigner.

(2) Jusqu'à décision contraire de la législature de la province de Terre-Neuve,

(a) la liste des électeurs préparée en exécution de la loi dite *The List of Electors Act, 1947*, sera censée être la liste des électeurs pour les fins de la loi dite *The Election Act, 1913*, sous réserve des dispositions de cette dernière loi, concernant les listes supplémentaires des électeurs;

(b) le droit de vote sera étendu à tout sujet britannique du sexe féminin âgé de vingt et un ans révolus et possédant, par ailleurs les qualités d'électeur;

(c) la côte du Labrador et les îles adjacentes formeront ensemble un district électoral additionnel, appelé Labrador, et représenté par un député, et les résidents dudit district possédant par ailleurs les qualités d'électeurs auront droit de vote; et

(d) le lieutenant-gouverneur en conseil pourra, par proclamation, différer toute élection dans le district électoral de Labrador pour toute période spécifiée dans la proclamation.

16. La législature de la province de Terre-Neuve sera convoquée au plus tard quatre mois après la date de l'Union.

ENSEIGNEMENT

17. En ce qui concerne la province de Terre-Neuve, la clause suivante devra s'appliquer au lieu de l'article quatre-vingt-treize de l'Acte de l'Amérique du Nord britannique, 1867:

Dans et pour la province de Terre-Neuve, la législature pourra exclusivement décréter des lois relatives à l'enseignement, mais la législature n'aura pas le pouvoir d'adopter les lois portant atteinte aux droits ou privilèges que la loi, à la date de l'Union, conférait dans Terre-Neuve à une ou plusieurs classes de personnes relativement aux écoles confessionnelles, aux écoles communes (fusionnées), ou aux collèges confessionnels, et à même les deniers publics de la province de Terre-Neuve affectés à l'enseignement,

(a) toutes semblables écoles recevront leur part desdits deniers conformément aux barèmes établis, à l'occasion, par la législature sur une base ne faisant l'objet d'aucune distinction, à l'égard de toutes les écoles existant alors sous l'autorité de la législature; et

(b) tous semblables collèges recevront leur part d'une subvention quelconque votée à l'occasion pour tous les collèges existant alors sous l'autorité de la législature, laquelle subvention devra être distribuée sur une base ne faisant l'objet d'aucune distinction.

CONTINUATION DES LOIS

Généralités

18. (1) Sous réserve des présentes clauses, toutes les lois en vigueur à Terre-Neuve à la date de l'Union ou immédiatement avant cette date y subsisteront comme si l'Union n'avait pas eu lieu, sujettes néanmoins à abrogation, abolition ou modification par le Parlement du Canada ou la législature de la province de Terre-Neuve conformément à l'autorité du Parlement ou de la législature, sous le régime des Actes de l'Amérique du Nord britannique, 1867 à 1946, et tous les décrets, règles et règlements d'exécution de l'une quelconque de ces lois subsisteront semblablement sous réserve de révocation ou de modification par l'organisme ou la personne qui a édicté lesdits décrets, règles ou règlements, ou par l'organisme ou la personne qui a le pouvoir d'édicter lesdits décrets, règles ou règlements après la date de l'Union, conformément à leur autorité respective prévue par les Actes de l'Amérique du Nord britannique, 1867 à 1946.

(2) Les lois du Parlement du Canada en vigueur à la date de l'Union, ou toute partie de ces lois, deviendront exécutoires dans la province de Terre-Neuve le jour ou les jours que fixera une loi du Parlement du Canada ou une proclamation émise, à l'occasion, par le gouverneur général en conseil, et toute pareille proclamation pourra décréter l'abrogation de l'une quelconque des lois de Terre-Neuve qui

(a) sont d'application générale;

(b) se rapportent aux mêmes sujets que la loi ou partie de loi ainsi proclamée, et

(c) pourraient être abrogées par le Parlement du Canada en vertu de l'alinéa un de la présente clause.

(3) Nonobstant toutes dispositions des présentes clauses, le Parlement du Canada pourra, d'accord avec la législature de la province de Terre-Neuve, abroger toute loi en vigueur à Terre-Neuve à la date de l'Union.

(4) Sauf dispositions contraires des présentes clauses, tous les tribunaux de compétence civile et criminelle et tous les pouvoirs, attributions, fonctions et commissions juridiques, ainsi que tous les officiers et fonctionnaires, judiciaires, administratifs et ministériels, existant à Terre-Neuve à la date de l'Union, ou immédiatement avant cette date, seront maintenus dans la province de Terre-Neuve, comme si l'Union n'avait pas eu lieu, jusqu'à modification, abolition, révocation, cessation ou renvoi par l'autorité compétente sous le régime des Actes de l'Amérique du Nord britannique, 1867 à 1946.

Subsides

19. Toute loi de Terre-Neuve édictée avant la date de l'Union et allouant à Sa Majesté des sommes d'argent pour faire face aux dépenses du service public de Terre-Neuve et pour d'autres objets s'y rattachant, à l'égard de l'année financière expirant le trente et un mars mil neuf cent cinquante, restera en vigueur après la date de l'Union conformément à ses dispositions, jusqu'à ce qu'il y soit autrement pourvu par la législature de la province de Terre-Neuve. *Brevets d'invention*

20. (1) Sous réserve de la présente clause, le Canada prendra des dispositions pour que les brevets d'invention délivrés aux termes des lois de Terre-Neuve antérieurement à la date de l'Union soient censés avoir été délivrés en vertu des lois du Canada, à compter de la date et pour la durée desdits brevets.

(2) De plus, le Canada prendra des dispositions pour que, s'il s'élève un conflit entre des brevets d'invention, délivrés sous le régime des lois de Terre-Neuve antérieurement à la date de l'Union, et des brevets d'invention, délivrés en vertu des lois du Canada antérieurement à la date de l'Union,

(a) les brevets d'invention délivrés conformément aux lois de Terre-Neuve auront la même vigueur et le même effet dans la province de Terre-Neuve que si l'Union n'avait pas eu lieu, et que l'exercice ou la jouissance de tous droits et privilèges acquis sous le régime ou en vertu desdits brevets seront maintenus dans la province de Terre-Neuve comme si l'Union n'avait pas eu lieu; et que

(b) les brevets d'invention délivrés conformément aux lois du Canada auront la même vigueur et le même effet dans toute partie du Canada autre que la province de Terre-Neuve, comme si l'Union n'avait pas eu lieu, et que l'exercice ou la jouissance de tous droits et privilèges acquis sous le régime ou en vertu desdits brevets seront maintenus dans toute partie du Canada autre que la province de Terre-Neuve, comme si l'Union n'avait pas eu lieu.

(3) Les lois de Terre-Neuve existant à la date de l'Union continueront de s'appliquer à l'égard des demandes de brevets d'invention présentées sous le régime des lois de Terre-Neuve mais en instance à la date de l'Union, et tous brevets d'invention délivrés à la suite de telles demandes seront, pour les fins de la présente clause, considérés comme ayant été délivrés en vertu des lois de Terre-Neuve antérieurement à la date de l'Union; et les brevets d'invention délivrés sous l'autorité des lois du Canada à la suite de demandes en instance à la date de

l'Union, seront, aux fins de la présente clause, considérés comme ayant été délivrés conformément aux lois du Canada, avant la date de l'Union.

(4) Rien dans la présente clause ne doit s'interpréter comme empêchant le Parlement du Canada de décréter qu'aucun tribunal ne pourra connaître de réclamations contre qui que ce soit pour contrefaçon d'un brevet délivré au Canada antérieurement à la date de l'Union, en raison de quelque disposition prise à Terre-Neuve, avant la date de l'Union, relativement à l'invention protégée par ledit brevet, et qu'aucun tribunal ne pourra connaître de réclamations contre qui que ce soit pour contrefaçon d'un brevet délivré à Terre-Neuve antérieurement à la date de l'Union, en raison de quelque disposition prise au Canada, avant la date de l'Union, relativement à l'invention protégée par ledit brevet.

Marques de commerce

21. (1) Le Canada statuera que l'enregistrement d'une marque de commerce, en vertu des lois de Terre-Neuve, antérieur à la date de l'Union, aura la même force et le même effet dans la province de Terre-Neuve que si l'Union n'avait pas eu lieu, et l'exercice ou la jouissance de tous droits et privilèges acquis en vertu ou sous le régime dudit enregistrement se continuera dans la province de Terre-Neuve comme si l'Union n'avait pas eu lieu.

(2) Les lois de Terre-Neuve existant à la date de l'Union continueront de s'appliquer à l'égard des demandes d'enregistrement de marques de commerce faites sous le régime des lois de Terre-Neuve et en instance à la date de l'Union, et toutes marques de commerce enregistrées à la suite de telles demandes seront, pour les fins de la présente clause, censées avoir été enregistrées, en vertu des lois de Terre-Neuve, antérieurement à la date de l'Union.

Pêcheries

22. (1) Dans la présente clause, l'expression "lois des pêcheries" signifie la loi nº 11 de 1936 intitulée *An Act for the Creation of the Newfoundland Fisheries Board*, la loi nº 14 de 1936 intitulée *An Act to Prevent the Export of Fish Without Licence*, la loi nº 32 de 1936 intitulée *An Act to Amend the Newfoundland Fisheries Board Act* (Nº 11 1936), la loi nº 37 de 1938 intitulée *An Act Further to Amend the Newfoundland Fisheries Board Act, 1936*, la loi nº 10 de 1942 intitulée *An Act respecting Permits for the Exportation of Salt Fish*, la loi nº 39 de 1943 intitulée *An Act Further to Amend the Newfoundland Fisheries Board Act, 1936*, la loi nº 16 de 1944 intitulée *An Act Further to Amend the Newfoundland Fisheries Board Acts, 1936-1938*, et la loi nº 42 de 1944 intitulée *An Act Further to Amend the Newfoundland Fisheries Board Act, 1936*, dans la mesure où elles visent la vente de poisson salé aux fins d'exportation de Terre-Neuve à d'autres pays ou à l'une quelconque des provinces du Canada.

(2) Sous réserve de la présente clause, toutes les lois de pêcheries et tous leurs décrets, règles et règlements d'exécution resteront en vigueur dans la province de Terre-Neuve, comme si l'Union n'avait pas eu lieu, pour une période de cinq ans à compter de la date de l'Union, et, par la suite, jusqu'à ce que le Parlement du Canada en décide autrement, et le Conseil des pêcheries de Terre-Neuve en continuera l'application; le gouvernement du Canada paiera les dépenses qu'occasionnent le fonctionnement du Conseil et l'application des lois de pêcherie.

(3) Les pouvoirs, attributions et fonctions dévolus ou imposés au gouverneur en commission ou au commissaire des Ressources naturelles en vertu de l'une quelconque des lois de pêcheries, seront, après la date de l'Union, respectivement dévolus ou imposés au gouverneur général en conseil et au ministre des Pêcheries du Canada, ou à tout autre ministre que le gouverneur général en conseil pourra désigner.

(4) Le Parlement du Canada pourra, en tout temps, durant la période de cinq ans à compter de la date de l'Union, abroger ou modifier l'une quelconque des lois de pêcheries, avec le consentement du lieutenant-gouverneur en conseil de la province de Terre-Neuve, et tous leurs décrets, règles et règlements d'exécution pourront être révoqués ou modifiés par l'organisme ou la personne qui les a rendus, ou, en ce qui concerne les questions auxquelles le paragraphe trois de la présente clause s'applique, par l'organisme ou la personne qui, aux termes dudit paragraphe trois, a le pouvoir d'établir, après la date de l'Union, ces décrets, règles ou règlements sous le régime des lois de pêcheries.

(5) Le président du Conseil des pêcheries de Terre-Neuve, ou tout autre membre dudit conseil que le gouverneur général en conseil pourra désigner, remplira dans la province de Terre-Neuve les fonctions de surveillant en chef et d'inspecteur en chef du ministère des Pêcheries du gouvernement du Canada, et les préposés du Conseil des pêcheries de Terre-Neuve deviendront des employés de ce ministère et y occuperont des emplois comparables à ceux des préposés de ce ministère dans d'autres parties du pays.

(6) Les clauses onze, douze, treize et dix-huit sont subordonnées à la présente clause.

CONDITIONS FINANCIÈRES

Dette

23. Le Canada assumera et assurera le service et le remboursement des valeurs émises ou à émettre sur la garantie de Terre-Neuve en conformité du *Loan Act, 1933*, de Terre-Neuve et prendra à son compte le fonds d'amortissement établi en vertu de la même loi.

Excédent financier

24. (1) Dans la présente clause, l'expression "excédent financier" signifie les soldes inscrits au crédit du Trésor de Terre-Neuve à la date de l'Union (moins les sommes qui peuvent être requises pour payer des comptes exigibles à la date de l'Union à l'égard de crédits affectés aux services publics) ainsi que tous deniers publics ou revenus publics (y compris les prêts et avances mentionnés dans la clause vingt-cinq) afférant à toute matière, chose ou période antérieure à la date de l'Union, recouvrés par le gouvernement de la province de Terre-Neuve après la date de l'Union.

(2) Terre-Neuve conservera son excédent financier sous réserve des conditions suivantes:

(a) un tiers de l'excédent devra être mis de côté au cours des huit premières années à compter de la date de l'Union et déposé auprès du gouvernement du Canada pour n'être retiré par le gouvernement de la province de Terre-Neuve que dans la mesure nécessaire pour acquitter les dépenses imputables au compte

courant destinées à faciliter la continuation et l'amélioration des services publics de Terre-Neuve, et toute portion de ce tiers de l'excédent demeurant indépensée à la fin de la période de huit ans sera mise, sans la restriction qui précède, à la disposition de la province de Terre-Neuve;

(b) le gouvernement de la province de Terre-Neuve disposera des deux autres tiers de l'excédent pour la mise en valeur des ressources et pour l'établissement ou l'expansion des services publics dans la province de Terre-Neuve; et

(c) aucune partie de l'excédent ne devra servir à subventionner la production ou la vente de produits de la province de Terre-Neuve en concurrence déloyale avec des produits semblables d'autres provinces du Canada, mais rien dans le présent alinéa n'empêchera la province de Terre-Neuve d'aider l'industrie en lui prêtant à des conditions raisonnables des sommes destinées à son expansion, ou au moyen de services administratifs provinciaux ordinaires.

(3) Dans l'année qui suivra la date de l'Union, le gouvernement de la province de Terre-Neuve aura le droit de déposer auprès du gouvernement du Canada la totalité ou une partie quelconque de son excédent financier détenu en dollars et de toucher à cet égard, le trente et un mars et le trente septembre de chaque année, un intérêt annuel de deux et cinq huitièmes pour cent, pendant une période maximum de dix ans à compter de la date de l'Union, sur le solde minimum restant à rembourser à toute époque pendant la période de six mois qui précède le versement de l'intérêt.

Prêts

25. (1) La province de Terre-Neuve conservera ses intérêts dans tous prêts ou avances de fonds publics consentis par le gouvernement de Terre-Neuve, avant la date de l'Union, et toutes les valeurs qui en découlent ou s'y rattachent.

(2) A moins qu'il ne soit autrement convenu par le gouvernement du Canada, le paragraphe premier de la présente clause ne s'appliquera pas aux prêts ou avances se rapportant à des ouvrages, biens ou services absorbés par le Canada conformément à la clause trente et un ou à la clause trente-trois.

Subventions

26. Le Canada versera à la province de Terre-Neuve les subventions suivantes:

(a) une subvention annuelle de $180,000 et une subvention annuelle égale à 80 cents par habitant de la province de Terre-Neuve (dont la population est établie à 325,000 âmes jusqu'au premier recensement décennal tenu après la date de l'Union); toutefois, cette subvention pourra être augmentée de manière à devenir conforme à l'échelle prévue par l'Acte de l'Amérique du Nord britannique, 1907, pour les fins locales de la province et pour le soutien de son gouvernement et de sa législature, mais en aucune année les sommes payables en vertu du présent alinéa ne devront être inférieures à celles qui seront payables la première année après la date de l'Union; et

(b) une subvention annuelle additionnelle de $1,100,000 payable pour des fins semblables aux diverses subventions et allocations annuelles fixes que prévoient, à l'occasion, les lois du Parlement du Canada à l'égard des provinces de la Nouvelle-Écosse, du Nouveau-Brunswick et de l'Île du Prince-Édouard, ou de l'une

quelconque d'entre elles, en raison des problèmes particuliers que créent pour la province de Terre-Neuve sa situation géographique et sa population clairsemée.

Accord fiscal

27. (1) Immédiatement après la date de l'Union, le gouvernement du Canada offrira au gouvernement de la province de Terre-Neuve de conclure un accord fiscal ayant pour objet la location au gouvernement du Canada des domaines fiscaux concernant l'impôt sur le revenu, l'impôt sur le revenu des corporations, la taxe sur les corporations et les droits successoraux.

(2) L'offre prévue à la présente clause sera semblable aux offres faites à d'autres provinces en vue de conclure des accords fiscaux, les changements nécessaires devant y être effectués afin d'adapter l'offre aux circonstances découlant de l'Union, sauf que l'offre en question stipulera que l'accord pourra être conclu soit pour un nombre d'années financières se terminant à la fin de l'année financière 1952, comme dans le cas d'autres provinces, soit pour un nombre d'années financières se terminant à la fin de l'année financière 1957, au choix du gouvernement de la province de Terre-Neuve; mais si le gouvernement de la province de Terre-Neuve accepte cette dernière proposition, il sera convenu dans l'accord que la conclusion subséquente d'un accord fiscal par le gouvernement du Canada et toute autre province n'autorisera pas le gouvernement de la province de Terre-Neuve à modifier les stipulations de son accord.

(3) L'offre que le gouvernement du Canada peut faire sous le régime de la présente clause, pourra être acceptée par le gouvernement de la province de Terre-Neuve dans les neuf mois qui suivront la date de l'offre, mais si cette dernière n'est pas ainsi acceptée, elle deviendra alors périmée.

(4) Le gouvernement de la province de Terre-Neuve ne pourra être tenu, aux termes de tout accord conclu en conformité de la présente clause, de prélever d'une personne ou corporation quelconque un impôt incompatible avec les dispositions de tout contrat passé avec ladite personne ou corporation avant la date de l'accord et alors en vigueur.

(5) Si la province de Terre-Neuve conclut un accord fiscal en conformité de la présente clause, les subventions prévues à la clause vingt-six seront, comme dans le cas de subventions semblables à d'autres provinces, comprises dans le calcul des versements stipulés dans l'accord fiscal.

Subventions transitionnelles

28. (1) Aux fins de faciliter à Terre-Neuve son accession au statut de province du Canada et l'expansion par la province de Terre-Neuve de ses services de recettes, le Canada payera à cette dernière, chaque année durant les douze premières années qui suivront la date de l'Union, une subvention transitionnelle selon le barème suivant; le paiement annuel devra être effectué en versements trimestriels égaux commençant le premier avril, savoir:

Première année	$6,500,000
Deuxième année	6,500,000
Troisième année	6,500,000
Quatrième année	5,650,000
Cinquième année	4,800,000
Sixième année	3,950,000
Septième année	3,100,000

Huitième année	2,250,000
Neuvième année	1,400,000
Dixième année	1,050,000
Onzième année	700,000
Douzième année	350,000

(2) Le gouvernement de la province de Terre-Neuve aura le droit de laisser en dépôt auprès du gouvernement du Canada une portion quelconque de la subvention transitionnelle pendant les huit premières années, avec privilège de retirer ce dépôt entièrement ou partiellement pendant toute année subséquente et, le trente et un mars et le trente septembre de chaque année, de toucher, relativement à tout montant ainsi laissé en dépôt, un intérêt de deux et cinq huitièmes pour cent l'an durant une période maximum de dix ans à compter de la date de l'Union sur le solde minimum non encore versé à toute époque pendant la période de six mois qui précède le paiement de l'intérêt.

Nouvel examen de la situation financière

29. Vu la difficulté de prédire avec une suffisante exactitude les conséquences financières qu'amènera pour Terre-Neuve le fait de devenir une province du Canada, le gouvernement du Canada désignera dans les huit années qui suivront la date de l'Union une Commission royale qui sera chargée de réexaminer la situation financière de la province de Terre-Neuve et de formuler des recommandations quant à la forme et à l'importance de l'aide financière additionnelle, le cas échéant, qui pourrait être nécessaire au gouvernement de la province de Terre-Neuve pour lui permettre de maintenir ses services publics aux normes et niveaux atteints après la date de l'Union, sans avoir à recourir à une imposition plus onéreuse, compte tenu de la capacité de paiement des contribuables, que celle qui s'applique généralement aux régions comprises dans les provinces maritimes de la Nouvelle-Écosse, du Nouveau-Brunswick et de l'Île du Prince-Édouard.

DISPOSITIONS DIVERSES

Traitements du lieutenant-gouverneur et des juges

30. Le Parlement du Canada déterminera et assurera le traitement du lieutenant-gouverneur, ainsi que les traitements, allocations et pensions des juges de la cour supérieure et des cours de district et de comtés qui peuvent exister ou être ultérieurement constituées dans la province de Terre-Neuve.

Services, ouvrages et biens publics

31. A la date de l'Union ou aussitôt que possible après cette date, le Canada prendra à son compte les services ci-après énumérés et, à compter de la date de l'Union, libérera la province de Terre-Neuve des frais publics subis à l'égard de chaque service absorbé, savoir:

(a) Le chemin de fer de Terre-Neuve, y compris le service de vapeurs et autres services maritimes;

(b) Le *Newfoundland Hotel*, si le gouvernement de la province de Terre-Neuve le demande dans les six mois à compter de la date de l'Union;

(c) Le service postal et les services télégraphiques et téléphoniques d'État;

(d) L'aviation civile, y compris l'aéroport de Gander;

(e) Les douanes et l'accise;

(f) La défense;

(g) La protection et l'encouragement de la pêche et l'exploitation des services de boëtte;

(h) Les levés géologiques, topographiques, géodésiques et hydrographiques;

(i) Les phares, signaux de brume, bouées, balises et autres ouvrages et services publics d'aide à la navigation et à la marine marchande;

(j) Les hôpitaux maritimes, le service de quarantaine et le soin des équipages naufragés;

(k) Le réseau de radiodiffusion d'État; et

(l) Autres services publics analogues à ceux dont bénéficiera l'ensemble de la population du Canada à la date de l'Union.

32. (1) Le Canada maintiendra, selon les besoins, un service de bateaux à vapeur pour le transport des marchandises et des passagers entre North Sydney et Port-aux-Basques; ce service, dès qu'une route pour véhicules moteurs aura été ouverte entre Corner Brook et Port-aux-Basques, assurera aussi dans une mesure convenable le transport des véhicules moteurs.

(2) Aux fins de la réglementation des tarifs ferroviaires, l'île de Terre-Neuve sera comprise dans la région maritime du Canada et le transport direct entre North Sydney et Port-aux-Basques sera classé comme exclusivement ferroviaire.

(3) Toute législation du Parlement du Canada accordant des taux spéciaux pour le transport des marchandises à l'intérieur, à destination ou en provenance de la région maritime sera, dans la mesure où elle est appropriée, rendue applicable à l'île de Terre-Neuve.

33. Les ouvrages et biens publics de Terre-Neuve énumérés ci-après deviendront la propriété du Canada lorsque ce dernier absorbera le service dont il s'agit, sous réserve de toutes fiducies à leur égard et de tout intérêt autre que celui que Terre-Neuve pourrait avoir dans les susdits, savoir:

(a) Le chemin de fer de Terre-Neuve, y compris les droits de passage, quais, cales sèches et autres biens immeubles, le matériel roulant, l'outillage, les navires et autres biens meubles;

(b) L'aéroport de Terre-Neuve, à Gander, y compris les bâtiments et l'outillage, ainsi que tous les autres biens servant à l'exploitation de l'aéroport;

(c) Le *Newfoundland Hotel*, et son matériel;

(d) Les ports, quais, brise-lames et balises de l'État;

(e) Les dépôts de boëtte et le bateau à moteur *Malakoff;*

(f) Les biens, le matériel et l'équipement de l'armée et de la marine de guerre;

(g) Les dragues et navires de l'État, à l'exception de ceux qui sont à l'usage des services demeurant du ressort de Terre-Neuve et des neuf bateaux à moteurs connus sous le nom de bateaux Clarenville;

(h) Le réseau télégraphique et téléphonique de l'État, y compris les droits de passage, les câbles aériens et autres, les téléphones, les stations de radio et autres biens meubles et immeubles;

(i) Les biens meubles et immeubles de la Société de radiodiffusion de Terre-Neuve; et

(j) Sous réserve des dispositions de la clause trente-quatre, les édifices des douanes et les bureaux de poste et, en général, tous biens et ouvrages publics, mobiliers et immobiliers, utilisés principalement pour les services absorbés par le Canada.

34. Lorsque, à la date de l'Union, des édifices publics quelconques de Terre-Neuve compris dans l'alinéa (j) de la clause trente-trois sont utilisés en partie pour des services absorbés par le Canada et en partie pour des services de la province de Terre-Neuve, les dispositions suivantes devront s'appliquer:

(a) lorsque les services absorbés par le Canada occupent plus de la moitié de l'aire d'un édifice, celui-ci devient la propriété du Canada et lorsque les services de la province de Terre-Neuve occupent plus de la moitié de l'aire d'un édifice, ce dernier demeure la propriété de la province de Terre-Neuve;

(b) le Canada est autorisé à louer de la province de Terre-Neuve, aux conditions pouvant être déterminées par entente mutuelle, telle partie des immeubles appartenant à la province de Terre-Neuve qu'occupent les services absorbés par le Canada, et la province de Terre-Neuve est autorisée à louer du Canada, aux conditions pouvant être déterminées par entente mutuelle, telle partie des immeubles appartenant au Canada qu'occupent les services de la province de Terre-Neuve;

(c) la répartition des immeubles aux fins de la présente clause doit s'effectuer, au moyen d'une entente conclue entre le gouvernement du Canada et le gouvernement de la province de Terre-Neuve, dans le plus bref délai pratique après la date de l'Union; et

(d) si, de la répartition effectuée en conformité des dispositions précitées, il résulte que le Canada ou la province de Terre-Neuve obtient un droit de propriété global sensiblement disproportionné à l'aire totale utilisée pour ses services, un rajustement de la répartition sera opéré à la suite d'une entente mutuelle entre les deux gouvernements.

35. Les ouvrages et biens publics de Terre-Neuve qui ne sont pas, sous l'autorité ou en vertu des présentes clauses, transférés au Canada demeureront la propriété de la province de Terre-Neuve.

36. Sans préjudice de l'autorité législative du Parlement du Canada prévue dans les Actes de l'Amérique du Nord britannique, 1867 à 1946, tous ouvrages, biens ou services pris ou absorbés par le Canada en vertu des présentes clauses relèveront dorénavant de l'autorité législative du Parlement du Canada.

Ressources naturelles

37. Toutes les terres, mines, minéraux et redevances appartenant à Terre-Neuve à la date de l'Union, et tous les montants alors échus ou payables à l'égard desdites terres, mines, minéraux ou redevances appartiendront à la province de Terre-Neuve, sous réserve de toutes fiducies à leur égard et de tout intérêt autre que celui que la province pourrait avoir dans les susdits.

Anciens combattants

38. Le Canada rendra les avantages suivants accessibles aux anciens combattants de Terre-Neuve, sur la même base qu'ils le sont, à l'occasion, aux anciens combattants canadiens, comme si les anciens combattants de Terre-Neuve avaient servi dans les forces canadiennes de Sa Majesté, savoir:

(a) Les anciens combattants de Terre-Neuve qui ont servi dans la première ou la seconde guerre mondiale, ou dans les deux, bénéficieront des dispositions de la *Loi de 1946 sur les allocations aux anciens combattants*, de l'hospitalisation et du traitement gratuits et de la préférence dans le service civil;

(b) Le Canada assumera, à compter de la date de l'Union, les engagements de Terre-Neuve relatifs aux pensions résultant de la première guerre mondiale et, en ce qui concerne la seconde guerre mondiale, le Canada se chargera, à compter de la date de l'Union, du supplément à verser dans le cas de pensions pour invalidité et pour personnes à charge, payées par le gouvernement du Royaume-Uni ou un pays allié, à des anciens combattants de Terre-Neuve, jusqu'à concurrence des taux de pensions établis pour le Canada; de plus, le Canada versera des pensions pour causes d'invalidité ouvrant droit à pension en vertu de la loi canadienne, mais n'ouvrant pas droit à pension aux termes des lois du Royaume-Uni ou d'un pays allié;

(c) Les anciens combattants de Terre-Neuve qui ont servi dans la seconde guerre mondiale seront admis au bénéfice de la *Loi de 1942 sur les terres destinées aux anciens combattants*, de la Partie IV de la *Loi de 1940 sur l'assurance-chômage*, de la *Loi sur les prêts commerciaux et professionnels aux anciens combattants* et de la *Loi sur l'assurance des anciens combattants;*

(d) Les anciens combattants de Terre-Neuve qui ont servi dans la seconde guerre mondiale auront à leur disposition un crédit de réadaptation égal à celui qu'ils auraient obtenu sous le régime de la *Loi de 1944 sur les indemnités de service de guerre*, s'ils avaient servi dans les forces canadiennes durant la seconde guerre mondiale, déduction faite du montant de tout bénéfice pécuniaire de même nature accordé ou versé par le gouvernement de tout autre pays que le Canada;

(e) A compter de la date de l'Union, le Canada assumera les frais de formation professionnelle et d'enseignement des anciens combattants de Terre-Neuve qui ont servi dans la seconde guerre mondiale, tout comme s'ils avaient servi dans les forces canadiennes de Sa Majesté; et

(f) Les articles six, sept et huit de la *Loi sur la réadaptation des anciens combattants* s'appliqueront aux anciens combattants de Terre-Neuve qui ont servi dans la seconde guerre mondiale et qui n'ont pas bénéficié d'avantages analogues de la part du gouvernement d'un pays autre que le Canada.

Fonctionnaires de l'État

39. (1) Il sera offert aux employés du gouvernement de Terre-Neuve, affectés aux services absorbés par le Canada, conformément aux présentes clauses, un emploi dans ces services ou dans des services semblables du Canada, aux termes et conditions régissant, à l'occasion, l'emploi dans ces services, sans réduction de traitement ni perte de droits à pension, acquis en raisons d'états de service à Terre-Neuve.

(2) Le Canada versera les pensions à l'égard de ces employés de façon que ces derniers ne subissent aucun préjudice et le gouvernement de la province de Terre-Neuve remboursera le Canada des pensions versées pour le service de ces employés auprès du gouvernement de Terre-Neuve avant la date de l'Union, ou, à son choix, versera au Canada les contributions à l'égard dudit service, mais ces paiements ou contributions seront tels que le fardeau du gouvernement de la province de Terre-Neuve, relativement aux droits à pension acquis par suite du service à Terre-Neuve, ne sera pas accru du fait du transfert.

(3) Les pensions des employés du gouvernement de Terre-Neuve, retraités et pensionnés antérieurement à l'époque où le Canada a absorbé le service en cause, resteront à la charge de la province de Terre-Neuve.

Service de bien-être social
et autres services publics

40. Sous réserve des présentes clauses, le Canada étendra à la province de Terre-Neuve, sur la même base et subordonnément aux mêmes termes et conditions que dans le cas d'autres provinces du Canada, les services de bien-être social et autres services publics que, de temps à autre, le Canada met à la disposition de l'ensemble de sa population, lesquels, outre les prestations aux anciens combattants, les prestations d'assurance-chômage et les prestations aux marins marchands, énoncés aux clauses trente-huit, quarante et un et quarante-deux respectivement, comprennent les allocations prévues dans la *Loi de 1944 sur les allocations familiales*, l'assurance-chômage sous le régime de la *Loi de 1940 sur l'assurance-chômage*, les prestations en cas de maladies des marins marchands et des pêcheurs aux termes de la *Loi de la marine marchande du Canada, 1934*, l'assistance à la construction d'habitations en conformité de la *Loi nationale de 1944 sur l'habitation*, et, si la province de Terre-Neuve conclut les accords nécessaires ou verse les contributions pertinentes, l'aide financière en vertu de la *Loi sur l'aptitude physique nationale* aux fins de la mise en oeuvre de plans d'aptitude physique, les subventions pour fins d'hygiène publique, ainsi que les contributions, sous le régime de la *Loi des pensions de vieillesse*, pour pensions de vieillesse et pensions des aveugles.

Assurance-chômage

41. (1) Sous réserve de la présente clause, le Canada prendra des mesures pour que les résidents de la province de Terre-Neuve exerçant un emploi assurable qui perdront leur emploi dans les six mois précédant la date de l'Union et qui seront encore en chômage à cette date, ou qui perdront leur emploi au cours de la période de deux ans après cette date, aient droit, pendant une période de six mois à compter de la date de l'Union, ou de six mois à compter du premier jour de chômage, suivant la postériorité de l'une ou l'autre de ces deux dates, aux secours d'après le même barème et aux mêmes conditions que les prestations d'assurance-chômage.

(2) Le tarif des versements sera fondé sur les salaires gagnés par l'intéressé au cours des trois mois précédant la perte de son emploi; pour avoir droit aux secours une personne devra avoir occupé un emploi assurable pendant au moins trente pour cent des jours ouvrables compris dans la période de trois mois précédant la perte de son emploi ou trente pour cent des jours ouvrables compris dans la

période écoulée depuis la date de l'Union, selon la plus longue de ces deux périodes.

Marins marchands

42. (1) Le Canada rendra les avantages suivants accessibles aux marins marchands de Terre-Neuve ayant servi durant la seconde guerre mondiale sur des vaisseaux britanniques ou sur des vaisseaux de pays alliés engagés dans un service essentiel à la poursuite de la guerre, sur la même base qu'ils le sont, à l'occasion, aux marins marchands canadiens, comme si lesdits marins marchands de Terre-Neuve avaient servi sur des vaisseaux canadiens, savoir:

(a) Il sera versé des pensions pour invalidité et pour personnes à charge si l'invalidité s'est produite à la suite d'une opération de l'ennemi ou contre-opération, y compris les risques extraordinaires connus en mer du fait de la guerre; et un marin marchand de Terre-Neuve, pensionné du gouvernement du Royaume-Uni ou d'un pays allié, aura droit, durant le temps où il résidera au Canada, à une augmentation de sa pension jusqu'au niveau établi au Canada; et

(b) Les avantages de l'hospitalisation et des traitements gratuits, de la formation professionelle, de la *Loi de 1942 sur les terres destinées aux anciens combattants*, et de la *Loi sur l'assurance des anciens combattants* seront accessibles aux titulaires d'une pension pour invalidité.

(2) Les avantages de la formation professionnelle, de la Partie IV de la *Loi de 1940 sur l'assurance-chômage* et de la *Loi sur l'assurance des anciens combattants* seront rendus accessibles aux marins marchands de Terre-Neuve qui avaient droit à une gratification spéciale, ou à une gratification de service de guerre, aux mêmes conditions que s'ils étaient des marins marchands du Canada.

(3) La *Loi de 1940 sur l'assurance-chômage* et la *Loi de l'indemnisation des marins marchands* s'appliqueront aux marins marchands de Terre-Neuve de la même façon qu'elles s'appliquent aux autres marins marchands du Canada.

Citoyenneté

43. Des dispositions appropriées étendront l'application des lois sur la citoyenneté canadienne à la province de Terre-Neuve.

Effectifs de défense

44. Le Canada assurera le maintien, dans la province de Terre-Neuve, d'unités de réserve appropriées des forces canadiennes de défense, qui comprendront le régiment de Terre-Neuve.

Relevé économique

45. (1) Au cas où le gouvernement de la province de Terre-Neuve effectuerait un relevé économique de la province de Terre-Neuve en vue de déterminer les ressources susceptibles d'exploitation avantageuse et les industries existantes susceptibles de développement ou la possibilité d'en établir de nouvelles, le gouvernement du Canada assurera, à cette fin, la collaboration de ses employés et organismes techniques.

(2) Le plus tôt possible après la date de l'Union, le gouvernement du Canada s'efforcera tout particulièrement de recueillir et de fournir les données statistiques et scientifiques relatives aux ressources naturelles et à l'économie de la

province de Terre-Neuve, en vue d'adapter ces données aux normes établies à l'égard des autres provinces du Canada.

Oléomargarine

46. (1) La fabrication ou la vente de l'oléomargarine ou margarine peut être continuée dans la province de Terre-Neuve après la date de l'Union, et le Parlement du Canada n'interdira ni ne restreindra ladite fabrication ou ladite vente qu'à la demande de la législature de la province de Terre-Neuve, mais rien dans la présente clause ne portera atteinte au pouvoir du Parlement du Canada d'exiger que les normes de qualité applicables au Canada tout entier soient respectées.

(2) Sauf décision contraire du Parlement du Canada, ou à moins que la vente et la fabrication de l'oléomargarine ou margarine dans toutes les provinces du Canada, autres que Terre-Neuve, et son transport entre ces provinces ne soient autorisés en vertu des lois du Canada, l'oléomargarine ou margarine ne devra pas être expédiée, envoyée, apportée ni transportée de la province de Terre-Neuve à toute autre province du Canada.

Impôt sur le revenu

47. Aux fins de faciliter la transition au régime du paiement à fur et à mesure de l'impôt sur le revenu, le Canada stipulera, relativement aux personnes (y compris les corporations) qui résidaient à Terre-Neuve à la date de l'Union et ne résidaient pas au Canada en 1949 avant la date de l'Union, et à l'égard du revenu qui, selon les lois du Canada, en vigueur immédiatement à la date de l'Union, n'était pas assujéti à l'impôt, ce qui suit:

(a) avant le premier jour de juillet 1949, il ne sera exigé aucun paiement ni effectué aucune déduction à même ce revenu pour fins d'impôt sur le revenu;

(b) aux fins de l'impôt sur le revenu, nul ne sera tenu de déclarer ce revenu à l'égard d'aucune période antérieure à la date de l'Union;

(c) nul ne sera redevable au Canada d'impôt sur le revenu relativement à ce revenu à l'égard d'aucune période antérieure à la date de l'Union; et

(d) il sera fait remise aux particuliers d'un montant de l'impôt sur le revenu pour l'année d'imposition 1949 relativement au revenu à l'égard de la période postérieure à la date de l'Union, de façon que l'impôt sur tout le revenu gagné et sur le revenu de placement n'excédant pas deux mille deux cent cinquante dollars soit réduit à la moitié de l'impôt qui eût été exigible pour l'année entière, si le revenu pendant la période antérieure à la date de l'Union avait été au même taux qu'après cette date.

Statut de Westminster

48. A compter de la date de l'Union, le Statut de Westminster, 1931, s'appliquera à la province de Terre-Neuve comme il s'applique aux autres provinces du Canada.

Réserve

49. Rien dans les présentes clauses ne doit s'interpréter comme dégageant une personne de toute obligation concernant l'embauchage de la main-d'oeuvre de Terre-Neuve, contractée ou assumée comme contre-partie de quelque concession

accordée ou privilège conféré par le gouvernement de Terre-Neuve antérieurement à la date de l'Union.

Entrée en vigueur

50. Sous réserve de leur approbation par le Parlement du Canada et le gouvernement de Terre-Neuve, il est convenu des présentes clauses, qui prendront effet nonobstant la loi dite *The Newfoundland Act, 1933*, ou tout décret émis en conformité de cette dernière loi, et qui entreront en vigueur immédiatement avant l'expiration du trente et unième jour de mars 1949, si Sa Majesté a sanctionné, avant cette date, une loi du Parlement du Royaume-Uni de Grande-Bretagne et d'Irlande du Nord confirmant lesdites clauses.

Fait en double à Ottawa ce onzième jour de décembre 1948.

Au nom du Canada,

LOUIS S. ST. LAURENT

BROOKE CLAXTON

Au nom de Terre-Neuve,

ALBERT J. WALSH

F. GORDON BRADLEY

PHILIP GRUCHY

JOHN B. MCEVOY

JOSEPH R. SMALLWOOD

G. A. WINTER

ANNEXE

Dans la présente annexe, l'expression "district" signifie district tel que désigné et délimité au chapitre 7 de la loi 22 George V, intitulée *An Act to amend Chapter 2 of the Consolidated Statutes of Newfoundland (Third Series) entitled 'Of the House of Assembly'.*

Grand Falls-White Bay qui se compose des districts de White-Bay, Green-Bay et Grand-Falls, et de tout le territoire situé dans un rayon de cinq milles de la gare de chemin de fer à Gander, ainsi que de la Côte du Labrador et des îles y adjacentes.

Bonavista-Twillingate qui se compose des districts de Twillingate, Fogo, Bonavista-Nord et Bonavista-Sud, mais à l'exclusion de toute partie du territoire situé dans un rayon de cinq milles de la gare de chemin de fer à Gander.

Trinity-Conception qui se compose des districts de Trinity-Nord, Trinity-Sud, Carbonear-Bay de Verde, Havre de Grâce et Port-de-Grave.

St-Jean-Est qui se compose du district de Harbour Main-Bell Island et de cette partie de la province délimitée comme suit, savoir: Par une ligne commençant à un point où la ligne centrale de Beck's Cove Hill croise la rive nord du havre de St-Jean; de là suivant la ligne centrale de Beck's Cove Hill jusqu'à la ligne centrale de la rue Duckworth; de là vers l'ouest le long de la ligne centrale de la rue Duckworth jusqu'au centre de Theatre Hill; de là suivant la ligne centrale de Theatre Hill jusqu'à la ligne centrale de Carter's Hill; de là suivant la ligne centrale de Carter's Hill et de la rue Carter jusqu'à la ligne centrale du chemin Freshwater; de là suivant la ligne centrale du chemin Freshwater jusqu'à

son intersection avec la ligne centrale du chemin Kenmount; de là le long de la ligne centrale du chemin Kenmount jusqu'à son intersection avec la limite nord-est du district de Harbour Main-Bell Island; de là le long de ladite limite nord-est du district de Harbour Main-Bell Island jusqu'au rivage de la baie Conception; de là suivant la côte et contournant le cap St-Francis jusqu'au goulet du havre de St-Jean, puis continuant le long de la rive septentrionale du havre de St-Jean jusqu'à un point sur la rive nord dudit havre que croise la ligne centrale de Beck's Cove Hill, le point de départ.

St-Jean-Ouest qui se compose des districts de Placentia-St.-Mary's et de Ferryland, et de cette partie de la province délimitée comme suit, savoir: Par une ligne commençant au promontoire Motion du havre Petty et tirée en ligne droite jusqu'au pont Northern Goulds (connu localement sous le nom de pont Doyle); de là suivant la ligne centrale du chemin Doyle jusqu'au chemin Short; de là en ligne droite jusqu'à un point situé un mille à l'ouest de Quigley's; de là en ligne droite jusqu'à un point où la limite nord-est du district de Harbour Main-Bell Island croise le chemin Kenmount; de là le long de la ligne centrale du chemin Kenmount et du chemin Freshwater jusqu'à la rue Carter; de là suivant la ligne centrale de la rue Carter et de Carter's Hill jusqu'à Theatre Hill; de là le long de la ligne centrale de ladite Theatre Hill jusqu'à la ligne centrale de la rue Duckworth; de là vers l'est le long de la ligne centrale de la rue Duckworth jusqu'au sommet de Beck's Cove Hill; de là partant de la ligne centrale de Beck's Cove Hill jusqu'à la rive du havre de St-Jean; de là suivant la rive du havre de St-Jean et traversant le goulet au nord du fort Amherst; de là suivant la côte vers le sud jusqu'au promontoire Motion du havre Petty, le point de départ.

Burin-Burgeo qui se compose des districts de Placentia-Ouest, Burin, Fortune Bay-Hermitage, et Burgeo et LaPoile, et de tout le territoire non organisé, borné au nord et à l'ouest par le district de Grand-Falls, au sud par les districts de Burgeo et LaPoile et Fortune Bay-Hermitage, à l'est par les districts de Trinity-Nord, Bonavista-Sud et Bonavista-Nord.

Humber-St. George's qui se compose des districts de St. George's-Port au Port, Humber et Ste-Barbe et de tout le territoire non organisé, borné au nord par le district de Humber, à l'est par le district de Grand-Falls, au sud par le district de Burgeo et LaPoile, et à l'ouest par le district de St. George's [-Port] au Port.

805.

Le Premier ministre au président, la délégation de Terre-Neuve[94]

Prime Minister to Chairman, Delegation of Newfoundland

Ottawa, December 11, 1948

Dear Mr. Walsh,

During the course of our negotiations covering the final terms and arrangements for the union of Newfoundland with Canada a number of questions con-

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[94]Pour le texte en français, voir la page 1289.

cerning Government policy were raised by your delegation and answered by the Canadian Government. In addition a number of temporary administrative arrangements were settled in order to facilitate the union.

It would not seem fitting to include in formal terms of union matters of this kind, since they are scarcely of a constitutional nature. I am therefore sending you the enclosed memorandum covering these various items. While these will not form part of the Terms of Union, they contain statements of the policy and intentions of this Government if union is made effective by the approval of the Parliament of Canada and the Government of Newfoundland and confirmed by the Parliament of the United Kingdom.

Yours sincerely,

LOUIS S. ST. LAURENT

[ENCLOSURE]

STATEMENTS ON QUESTIONS RAISED BY THE NEWFOUNDLAND DELEGATION

(i) IMPORTS OF ESSENTIAL GOODS

Importation of essential capital goods will be continued through the existing system of permits, while cases of exceptional hardship in the consumer goods field will be dealt with on an individual basis.

It is not the intention of the Canadian Government to have import restrictions interfere with the normal operation of machinery and equipment already in Canada. No difficulty is foreseen in maintaining the importation into Newfoundland of spare parts and ancillary equipment required to keep in operation essential machinery and equipment already in Newfoundland.

The Canadian Government, in formulating and administering its policy with respect to imports, will give the same careful consideration to the essential requirements of Newfoundland consumers as it gives to those of consumers in the rest of Canada.

Customs duties on the importation of salt pork and salt beef from the United States will be remitted in the event that, and during the period that, supplies of a suitable quality are not available in Canada.

Steps will be taken to ensure that Newfoundland's requirements of evaporated milk will be met from Canada.

(ii) BROADCASTING

The Canadian Broadcasting Corporation normally makes no charge for time allotted in connection with educational and informative programmes arranged on behalf of provincial governments.

The Department of Transport will use its best efforts to obtain and retain for Newfoundland whatever frequencies are necessary, including the 640 KC channel.

The CBC works closely with the National Religious Advisory Council composed of all main denominations, and provides free time on its national networks to broadcast religious services. It also provides a fifteen-minute period five days a

week to broadcast regionally programmes of a devotional character. In this, as in other matters, the CBC is anxious to ensure that, taking account of special conditions and circumstances, the wishes of listeners in Newfoundland will be adequately met.

Provision is made by the CBC for free time for the use of provincial and federal political parties, both during and between elections, in accordance with the White Paper issued in this respect.

The CBC allows substantial discretionary powers to the management of Broadcasting Stations to meet particular regional needs and conditions.

(iii) Passports

It will be arranged that after the date of Union valid Newfoundland passports shall be honoured during the period of their validity by Canadian authorities and by United Kingdom authorities acting on behalf of Canada and that after the date of union a valid Newfoundland passport that would otherwise have been renewable will be replaced by a Canadian passport on payment by mail of the Canadian renewal fee to the passport office at Ottawa.

(iv) Continuation of Laws

The Canadian Government will consult with the appropriate Newfoundland authorities with regard to the timing of the application of federal statutes or the timing of the repeal of Newfoundland statutes, where the provincial authorities feel that serious problems are involved requiring consultation with the federal authorities.

This will be a matter for specific discussion between the appropriate representatives of the two governments from time to time.

(v) Public Harbours

It is the policy of the Canadian Government to construct and maintain public wharves where and when such action is considered necessary in the public interest. The construction and maintenance of public wharves throughout Canada is within the jurisdiction of the Canadian Government and the responsibility for deciding whether or not a public wharf or a breakwater is necessary in any given locality rests with the federal authorities, who take local requirements into consideration.

The Canadian Government will, at the request of the Province of Newfoundland, and having regard to the best interests of the province, investigate the desirability of establishing one or more harbours in the province as "national harbours" under the National Harbours Board.

(vi) Hospitalization of Veterans

The responsibility for hospitalization of veterans rests with the Canadian Government. If it becomes apparent that a need for extra beds for veterans exists in Newfoundland, these will be provided through extension of existing facilities or new hospitals. The final decision in this respect will depend upon on-the-spot investigation.

(vii) Sales Tax on Oleomargarine

The Canadian Government will be prepared to submit to Parliament legislation designed to exempt oleomargarine sold in Newfoundland from the federal sales tax, in the same manner as basic foodstuffs in other parts of Canada.

(viii) Income and Corporation Tax

In further explanation of the Terms of Union it is intended that deduction at the source and instalment payments for income tax will commence effective July 1, 1949.

It is intended that legislation will be introduced to provide that the tax will not apply to income for any period prior to the date of Union; and that income for any such period need not be reported to Canada. Income for the period after the date of Union will be used as the basis to establish a presumed annual income in order that the appropriate rates, deductions and exemptions may be applied. The full yearly exemptions and deductions will be allowed in determining the amount of tax on the presumed annual income.

In the case of individuals, one-half only of the tax on this presumed annual income will be payable in respect of all earned income and in respect of investment income up to $3,000. Tax on investment income of over $3,000 may, at the taxpayer's option, be postponed until death or paid immediately with an appropriate discount.

Under this arrangement, therefore, the Canadian Government will in effect forgive income tax on individuals for the three months after Union except with respect to investment income above the level indicated. The combined effect will therefore be that if Newfoundland also forgives income tax on individuals in respect of the three months preceding Union, individuals will not be required to pay a tax on more than one-half of their 1949 income except as to investment income above the level indicated. This would result in individual Newfoundland taxpayers receiving the same treatment as that accorded to the Canadian taxpayer when the "pay-as-you-earn" system was introduced.

In the case of corporations there will be no forgiveness of any taxes legally exigible by the Canadian Government in respect of income for the period following the date of Union.

The above provisions would require that corporations, partners and individuals carrying on business close their accounts at the date of Union. Legislation will provide that the taxpayer may at his option report income for the full fiscal period of his business and for tax purposes pro-rate such income over the period following the date of Union.

It is not intended that the above provisions shall relieve from Canadian income tax individuals who have become resident in Newfoundland after December 31, 1948, or income which would have been taxable by the Canadian Government had Union not taken place, e.g., tax at the source on dividends and interest paid before Union to non-residents of Canada.

For the purposes of taxation, credit societies in Newfoundland will be treated in the same manner as Canadian credit unions.

In order to assist the Provincial Government in the collection and assessment of income and corporation taxes in respect of income for 1948 and prior years arrangements will be made whereby either the required staff will be permitted to remain in the employ of the Provincial Government for a period following Union or will be made available to the Provincial Government for this purpose.

(ix) Civil Aviation

Pending re-negotiation of bilateral air agreements, an arrangement will be made which will permit direct traffic between Gander and the United States to continue to move by air.

There will be no objection to the Provincial Government continuing the operation of the Cottage Hospital at Gander Airport. Federal authorities will make an appropriate agreement with provincial authorities for such hospital services as may be required in connection with the Airport's operations.

Roads within the Gander Airport will be the responsibility of the airport operating authority.

The Canadian Government will not, under normal conditions, intervene in the operation of schools and churches at Gander Airport, apart from such questions as relocation on a mutually advantageous basis.

The federal authorities will consult with the appropriate Newfoundland authorities regarding a definition of the limits of Gander Airport.

(x) Enrichment of Flour

The Canadian Government will take such steps by way of amendment to the food and the drugs regulations and otherwise as are necessary to ensure that the standards of quality for flour prescribed under Newfoundland law will not be altered for a period of three years from the date of Union.

(xi) Blocked Sterling Surplus

An effort will be made to make the amount of the surplus held in sterling by Newfoundland available in dollars to Newfoundland within a year after the date of Union.

(xii) Fisheries

1. *Trawling*

Newfoundland trawlers will be permitted to fish (as they have been doing) to the three-mile limit off the coasts of Newfoundland, and an amendment to the Fisheries Act, 1932, will be introduced for this purpose.

It is understood that the policy as to trawler licensing in Newfoundland will be based on securing the maximum efficiency for the province's fishing industry and welfare for its shore communities.

With respect to the establishment of territorial waters it is our understanding that the "headland to headland" rule, as it now applies to Newfoundland, will continue to apply.

2. *Prohibition of Export of Bait Fishes*

At present the Customs and Fisheries Protection Act prohibits the sale of bait to foreign fishing vessels in Canadian territorial waters, except by special treaty

or convention. An amendment to this Act will be introduced in order to continue the practice now followed by Newfoundland in this matter.

3. *Licensing of Premises to Pack Fish (including Filleting and Freezing Plants)*

It is understood that, while these matters will come under federal jurisdiction at the date of Union, the Newfoundland Fisheries Board, during the time that it continues to operate, will be the medium through which application for licences will be made and the relevant regulations brought into effect.

4. *Power of Newfoundland Fisheries Board to Set Quotas for Fish for Export*

This power, which is involved in the marketing operations of the Newfoundland Fisheries Board, will be retained as a marketing function during the life of the Board.

5. *Market Representatives*

(a) The fish trade representatives of the Newfoundland Fisheries Board abroad (for which six positions exist and of which five are filled at present) will be continued as Board officials, and be paid out of funds voted for the Board during such time as the Board remains in operation.

(b) The Department of Trade and Commerce will absorb into the Canadian Trade Commissioner Service the two trade commissioners in London and New York, at present responsible to the Newfoundland Department of Natural Resources.

6. *Newfoundland Fish Export Tax*

The export tax of 5 cents per quintal on the volume of fish exported from Newfoundland will be abolished at the date of Union.

7. *Power of Newfoundland Fisheries Board to Negotiate Contracts*

The Newfoundland Fisheries Board will not be required to deal through the Canadian Commercial Corporation, and may in its discretion continue to charge a fee or commission for its services in negotiating contracts, subject only to such export and import controls as may exist.

8. *Fish Wrappers and Packages*

Wrappers provided by purchasers in the United States for their suppliers in Newfoundland will be dutiable after the date of Union but will also be eligible for the 99 per cent drawback on re-export as containers of fresh frozen fish.

Efforts are being made to arrange for the continued use for export of the present stock of wrappers marked "Product of Newfoundland."

Importation of printed wrappers of all kinds made from paper for domestic use is prohibited at the present time but permits may be granted by the Department of Finance in cases where the United States importer insists on supplying his own wrapper for the goods purchased by him in Canada. There is no restriction, however, on the importation of transparent wrappers or types of cardboard cartons or boxes usually used in the fish trade. These wrappers and containers are also eligible for the 99 per cent drawback on re-export as containers of fresh frozen fish.

9. *Inspection Fees on Export*

The present policy is to make no charge for inspection services.

10. *Tariff Agreements*

The position after Union of the agreement between Newfoundland and the Dominican Republic providing for a low rate of duty on imports of Newfoundland codfish into the latter country is being examined. If necessary the Canadian Government will initiate discussions on this matter.

11. *Bait Service*

The Canadian Government will seek legislation or take such other steps as may be necessary to provide that the Newfoundland bait service will be taken over and operated without fundamental change by the Department of Fisheries. If, after the date of Union, changes are made for the benefit of Canada as a whole, the question of payment will be discussed between federal and provincial authorities.

(xiii) FAMILY ALLOWANCES

The Canadian Government will seek legislation or take such other steps as may be necessary to provide that residents of Newfoundland or residents of Canada who previously resided in Newfoundland will be treated on the same basis as Canadians in other parts of Canada for purposes of family allowances.

(xiv) NEWFOUNDLAND RAILWAY

After the date of Union, the Canadian National Railways will be entrusted with the responsibility of operating the Newfoundland Railway and Coastal Steamship Services, and it will be their responsibility to see that services are furnished commensurate with the traffic offering.

(xv) DEPARTMENT OF POSTS AND TELEGRAPHS

No changes in the use of the frequency allocations to the Newfoundland Maritime Radiotelephone Service are proposed, although it may later be necessary to revise present allocations when a regional plan for future frequency allocations to the Maritime Radiotelephone Service of the North American nations is negotiated.

(xvi) PENITENTIARIES

For the time being it is understood that Newfoundland will continue to operate its own penitentiary and prisoners sentenced by the courts of Newfoundland to terms of imprisonment of two years or more may be incarcerated therein subject to the rules and regulations laid down for the management and control of the institution by the Provincial authorities. Maintenance of such prisoners will be paid by the Canadian Government on a per diem basis at a rate to be mutually agreed upon between the Canadian Government and the Provincial Government.

(xvii) CANADA SHIPPING ACT

The Newfoundland requirements respecting the certification of masters, mates and engineers for ships, other than foreign-going and those engaged in fishing, are less stringent than those in Part II of the Canada Shipping Act, 1934, and the application of the latter would result in disqualification of those masters, mates and engineers employed in the Newfoundland Home Trade who are not under Newfoundland law required to hold certificates.

Arrangements will be made to provide that masters, mates and engineers of ships registered in Newfoundland may continue operating in their present positions. If the necessary legislation for this purpose is not enacted immediately following Union, the Minister of Transport may exercise authority vested in him under the provisions of Section 133A of the Canada Shipping Act to permit relaxation so that there may be no interruption of the operations of Newfoundland shipping.

Newfoundland Foreign-going Certificates already have the same validity as similar certificates issued in Canada.

An amendment will be introduced to provide that Home Trade Certificates issued in Newfoundland up to the date of Union will have the same validity as Canadian Home Trade Certificates, and thereupon Certificates of Service may be issued to presently uncertificated masters, mates and engineers of Newfoundland Home Trade ships. Arrangements will be made to continue for the time being the Newfoundland practice whereby vessels engaged in the seal fishery are required to have a navigating officer holding a Master's Foreign-going Certificate, until experience shows the necessity or otherwise for further regulation of certificated personnel in these vessels.

(xviii) Admiralty Buildings

In the event that Canada acquires United Kingdom Admiralty Buildings presently occupied by the Government of Newfoundland on a care and maintenance or other basis, Newfoundland may continue in occupation of these buildings on the same terms and conditions, subject to termination in respect of any building by either party on three months' notice.

(xix) Clarenville Boats

The request of the Newfoundland Delegation that the Canadian Government should take over and operate the Clarenville boats in their present service is still being studied. It is hoped that arrangements for their continued operation can be reached with the Newfoundland Government before the date of Union.

(xx) Duty on Transfer of Vessels

Ships on the Newfoundland registry, prior to November 1, 1948, including foreign-built ships, may be transferred to the Canadian registry without payment of duty, and will be entitled without payment of any duty to a licence to engage in the coasting trade of Canada.

Foreign-built trawlers already on order for Newfoundland firms will be exempted from payment of duty if contracted for prior to November 1, 1948 for use in the Newfoundland fishing industry.

Foreign-built ships on charter for the Newfoundland-Canadian trade or for the coasting trade of Newfoundland prior to November 1, 1948, will be permitted to complete their charters without payment of duty.

(xxi) Small Industries

It is recognized that there will inevitably be some dislocation of Newfoundland's secondary industries as a result of Union. The extent of such dislocation, however, is difficult to measure, since much will depend on the individual ap-

proach to the problems that is made by the management and owners of the industries concerned.

The Canadian Government will do all that it can to assist secondary industries in Newfoundland in their efforts to meet such problems as may arise. The extensive facilities of the Department of Trade and Commerce will be available to assist in procurement of raw materials from other parts of Canada or from abroad. The Department will continue to maintain an office in St. John's for at least two or three years, and longer if necessary. The Canadian Commercial Corporation, which carries the responsibility of purchasing for the Armed Services, will maintain a local representative in Newfoundland, and every effort will be made to ensure that an appropriate volume of purchases for Government account will be made locally. Further, the Department of Trade and Commerce will establish at Ottawa a committee of senior officials to work as a team to ensure that special enquiries and problems of Newfoundland receive as prompt and effective attention as possible.

(xxii) PUBLIC SERVICE PENSIONS

The detailed application of Term 39 of the Terms of Union relating to pensions will be determined in consultation between the Canadian Government and the Government of Newfoundland.

(xxiii) RECOVERABLE ADVANCES

1. Pursuant to the provisions of Term 25 of the Terms of Union the Canadian Government agrees that it will within fifteen days after the date of Union, or as soon as practicable thereafter, out of moneys voted by Parliament:

(a) Pay to Newfoundland the cost of the steamships *Bar Haven* and *Springdale*, presently owned and operated by the Newfoundland Railway;

(b) Reimburse Newfoundland for payments made, and forego payments to be made, under Article 2 of the Agreement effective March 31, 1946, between the United Kingdom, Canada and Newfoundland providing for the purchase by Newfoundland of buildings and Royal Canadian Air Force equipment at Gander Airport;

(c) Reimburse Newfoundland for payments made by Newfoundland to the United Kingdom for buildings and equipment at Gander Airport taken over from the Royal Air Force;

(d) Pay to Newfoundland two-thirds of the expenditure (less recoveries) at Gander Airport from April 1, 1945 to March 31, 1949, in respect of expenditures made by Newfoundland for the conversion of buildings to civil use, runway improvements and the replacement or expansion of plant and equipment, and

(e) Pay to Newfoundland, except as otherwise provided herein, the value of consumable stores and supplies, as determined by physical inventories at March 31, 1949, in respect of services taken over by Canada, and without restricting the generality of the foregoing for the following services:

(i) Postal services;

(ii) Telegraph services, and

(iii) Gander Airport.

2. Canada will take over the fixed assets of the Newfoundland Railway free of debt except for the liability of the Railway at March 31, 1949, to the Reconstruction Finance Corporation of the United States of America. It is understood that the Railway will be turned over to Canada as a going concern and that Railway current assets acquired by Canada at March 31, 1949, will be maintained at an amount equal to the sum of Railway current liabilities and the liability to the Reconstruction Finance Corporation.

3. Canada will assume payment for Railway equipment on order at the date of this memorandum but not delivered at March 31, 1949, on account of equipment on order but not delivered until after March 31, 1949.

4. It is understood that Newfoundland will retain cash on deposit in the Railway Renewals Fund at March 31, 1949, and the proceeds of the sale of any capital assets between the date of this memorandum and the date of Union.

5. Canada will assume payment for telecommunication equipment on order at the date of this memorandum but not delivered before March 31, 1949.

6. Responsibility for the operation known as "Northern Labrador Trading Operations" will be the subject of discussion between Canada and Newfoundland and, if necessary, the Province of Newfoundland.

7. Canada will take over free of debt the buildings, plant and equipment of the Broadcasting Corporation of Newfoundland, and will pay Newfoundland for current assets, as of March 31, 1949, consisting of cash on hand and in banks, accounts receivable (less reserve for bad debts), consumable stores (as determined by physical inventory), less current liabilities for accounts payable as of that date. It is understood that Newfoundland will retain cash reserves of the Corporation and particularly the General Reserve Fund, Special Renewals Equalization Fund, and Reserve Accounts of Broadcasting Houses at Corner Brook and St. John's respectively.

8. It is understood that Newfoundland will retain cash on deposit at March 31, 1949, in the Coin Redemption Account. Canada will reimburse Newfoundland as cash becomes available, for working capital advances as of March 31, 1949, to the Parcel Post Duty Imprest Account and the St. John's Harbour Commission.

9. It is understood that Newfoundland will retain the Essential Goods Revolving Fund or, if this service is taken over by Canada, will be reimbursed by Canada for working capital advances (to the extent that these are represented by current assets less current liabilities) as cash becomes available, as of March 31, 1949.

(xxiv) Changes in Electoral Divisions

Regarding the method of change of the electoral divisions listed in the Schedule to the Terms of Union, the practice of the Parliament of Canada is to review the boundaries of electoral divisions in connection with each re-adjustment in parliamentary representation following each decennial census. The electoral divisions in the Schedule will be reviewed in accordance with this practice.

Ottawa, le 11 décembre 1948

Monsieur le Président de la
Délégation de Terre-Neuve,

Au cours de nos négociations sur les conditions et dispositions définitives en vue de l'Union de Terre-Neuve et du Canada, votre délégation a soulevé un certain nombre de questions relatives à la ligne de conduite du Gouvernement canadien, et celui-ci y a répondu. En outre, plusieurs dispositions provisoires d'ordre administratif ont été arrêtées afin de faciliter l'Union.

Il ne semble pas y avoir lieu de faire entrer des questions de cette nature dans les termes formels de l'Union puisqu'elles ne sont pas à proprement parler d'ordre constitutionnel. Je joins donc à la présente un mémoire sur ces divers sujets. Ceux-ci, bien qu'ils ne fassent pas partie intégrante des conditions de l'Union, renferment des énoncés de la politique et des intentions de notre Gouvernement pour le cas où l'Union serait effectivement réalisée par l'approbation du Parlement du Canada et du Gouvernement de Terre-Neuve, puis confirmée par le Parlement du Royaume-Uni.

Veuillez agréer, etc.

LOUIS S. ST. LAURENT

[PIÈCE JOINTE]

MÉMOIRE RELATIF AUX QUESTIONS SOULEVÉES PAR LA DÉLÉGATION DE TERRE-NEUVE

(i) IMPORTATIONS DE PRODUITS ESSENTIELS

L'importation des principaux articles de production continuera de s'effectuer sous le régime de permis actuellement en vigueur, mais les cas qui entraîneraient des embarras exceptionnels dans le domaine des articles de consommation seront traités individuellement.

Le Gouvernement canadien n'a nullement l'intention d'assujettir l'importation à des restrictions qui mettraient obstacle à l'emploi des machines et de l'outillage déjà en usage au Canada. On prévoit que Terre-Neuve pourra continuer sans difficulté à importer les pièces de rechange et les pièces accessoires nécessaires pour le fonctionnement des machines et de l'outillage déjà utilisés à Terre-Neuve.

En formulant et en appliquant sa politique relative aux importations, le Gouvernement canadien aura tout autant égard aux besoins essentiels des consommateurs de Terre-Neuve qu'à ceux des consommateurs du reste du Canada.

Les droits de douane sur le porc et le boeuf salés importés des Etats-Unis seront remis lorsque, et aussi longtemps que, des produits de qualité satisfaisante ne pourront pas être fournis par le Canada.

Des mesures seront prises pour que Terre-Neuve puisse obtenir du Canada le lait évaporé dont elle a besoin.

(ii) RADIODIFFUSION

En général, la Société Radio-Canada n'exige aucune rémunération des gouvernements provinciaux pour le temps consacré à la diffusion de programmes éducatifs ou informatifs.

Le ministère des Transports mettra tout en oeuvre pour obtenir les fréquences dont Terre-Neuve pourra avoir besoin, y compris la fréquence de 640 kilocycles.

La Société Radio-Canada collabore étroitement avec le Conseil consultatif national des questions religieuses, dont les membres représentent toutes les principales confessions, et elle alloue sur ses réseaux nationaux des périodes de temps gratuites pour la radiodiffusion de services religieux. Elle accorde également une période de quinze minutes chaque jour, cinq fois par semaine, pour des émissions régionales de caractère religieux. Sur cette question comme sur d'autres, la Société Radio-Canada est soucieuse de répondre de façon satisfaisante aux désirs des auditeurs de Terre-Neuve, compte tenu des conditions et circonstances particulières.

Conformément au Livre Blanc publié à ce sujet, la Société Radio-Canada prévoit des périodes de temps gratuites pour les divers partis politiques provinciaux ou fédéraux, pendant ou entre les élections.

La Société Radio-Canada accorde d'importants pouvoirs discrétionnaires à la direction des diverses stations radioémettrices afin de répondre aux conditions et aux besoins particuliers de chaque région.

(iii) PASSEPORTS

Des dispositions seront prises pour que, après la date de l'Union, les passeports valides de Terre-Neuve soient acceptés pendant la période de leur validité par les autorités canadiennes et par les autorités du Royaume-Uni agissant au nom du Canada, et que, après la date de l'Union, un passeport valide de Terre-Neuve qui autrement aurait été renouvelable soit remplacé par un passeport canadien sur versement par la poste du droit de renouvellement canadien au bureau des passeports d'Ottawa.

(iv) PASSAGE D'UNE LÉGISLATION À L'AUTRE

Dans les cas où les autorités provinciales estimeront que des problèmes sérieux nécessitant des consultations avec les autorités fédérales sont en cause, le Gouvernement canadien entrera en pourparlers avec les autorités compétentes de Terre-Neuve afin de déterminer la date à laquelle les statuts fédéraux entreront en vigueur ou celle à laquelle ceux de Terre-Neuve seront abrogés.

Cette question sera étudiée de façon spéciale de temps à autre par les représentants autorisés des deux gouvernements.

(v) PORTS PUBLICS

Le Gouvernement canadien a pour politique de construire des quais publics et de voir à leur entretien lorsqu'il juge la chose nécessaire dans l'intérêt public. La construction et l'entretien de quais publics dans tout le Canada sont de la compétence du Gouvernement canadien; il incombe également aux autorités fédérales de décider s'il y a lieu de doter une localité donnée d'un quai ou d'un brise-lames public, compte tenu des exigences particulières à cette localité.

Le Gouvernement canadien étudiera, à la demande de la province de Terre-Neuve et eu égard aux meilleurs intérêts de celle-ci, l'utilité d'aménager dans la province un ou plusieurs ports à titre de "ports nationaux" relevant du Conseil des ports nationaux.

(vi) HOSPITALISATION DES ANCIENS COMBATTANTS

L'hospitalisation des anciens combattants relève du Gouvernement canadien. S'il est constaté que Terre-Neuve a besoin de lits supplémentaires pour hospitaliser ses anciens combattants, ces lits seront fournis par l'extension des aménagements existants ou par la construction de nouveaux hôpitaux. La décision finale à cet égard dépendra d'une enquête menée sur place.

(vii) TAXE DE VENTE SUR L'OLÉOMARGARINE

Le Gouvernement canadien consentira à soumettre au Parlement un projet de loi ayant pour objet d'exempter de la taxe de vente fédérale l'oléomargarine vendue à Terre-Neuve, de la même manière que sont exemptées les denrées alimentaires de base dans les autres parties du Canada.

(viii) IMPÔT SUR LE REVENU ET SUR LES SOCIÉTÉS

Par voie d'explication des Conditions de l'Union, le Gouvernement canadien se propose de faire commencer effectivement le 1er juillet 1949 les déductions à la source ainsi que les versements partiels de l'impôt sur le revenu.

Le Gouvernement canadien se propose de présenter un projet de loi énonçant que l'impôt ne s'appliquera pas aux revenus des périodes antérieures à la date de l'Union; et que le revenu de ces périodes n'aura pas à faire l'objet d'une déclaration au Canada. Le revenu correspondant à la période qui suivra la date de l'Union servira de base à l'établissement d'un revenu annuel estimatif en vue de l'application des taux, déductions et exemptions appropriés. Dans la détermination du montant de l'impôt sur le revenu annuel estimatif, les exonérations et déductions annuelles seront accordées intégralement.

Dans le cas des particuliers, la moitié seulement de l'impôt sur ce revenu annuel estimatif sera exigible à l'égard de tout revenu gagné et à l'égard des revenus de placement jusqu'à concurrence de $3,000. L'impôt sur les revenus de placement supérieurs à $3,000 pourra, au choix du contribuable, être différé jusqu'au décès ou versé immédiatement avec le bénéfice d'un escompte approprié.

Par conséquent, en vertu de cet arrangement, le Gouvernement canadien fera en fait aux particuliers remise de l'impôt sur le revenu des trois mois qui suivront l'Union, sauf à l'égard des revenus de placements excédant le niveau indiqué. Si donc Terre-Neuve fait aussi remise aux particuliers de l'impôt sur le revenu à l'égard des trois mois qui auront précédé l'Union, les particuliers ne se trouveront à devoir d'impôts au fisc que pour la moitié au plus de leurs revenus de 1949, sauf en ce qui concerne les revenus de placements excédant le niveau indiqué. Cela revient à dire que le contribuable particulier de Terre-Neuve recevra le même traitement qu'a reçu le contribuable canadien lorsque fut inauguré le système des "versements au fur et à mesure."

Dans le cas des sociétés, le Gouvernement canadien ne fera aucune remise d'impôts légalement exigibles à l'égard du revenu de la période qui suivra la date de l'Union.

Les dispositions ci-dessus exigeraient que les sociétés, les associés et aussi les particuliers exerçant des opérations ferment leurs comptes à la date de l'Union. En vertu de la loi, le contribuable pourra à son gré déclarer son revenu de toute la période fiscale de ses opérations et, pour le versement de ses impôts, répartir ce revenu sur la période qui suivra la date de l'Union.

Le Gouvernement canadien n'entend pas que les dispositions ci-dessus soulagent de l'impôt canadien sur le revenu les particuliers qui se seront établis à Terre-Neuve après le 31 décembre 1948, ni les revenus qui auraient été imposables par le Gouvernement canadien si l'Union n'avait pas eu lieu, dans le cas, par exemple, des impôts perçus à la source sur des dividendes et des intérêts payés avant l'Union à des non-résidents du Canada.

Aux fins de l'imposition, les sociétés de crédit de Terre-Neuve seront soumises au même traitement que les unions canadiennes de crédit.

Afin d'aider le Gouvernement provincial à percevoir et répartir les impôts de 1948 sur le revenu et les sociétés à l'égard des revenus de 1948 et des années antérieures, il sera pris des dispositions pour que le personnel nécessaire puisse rester à l'emploi du Gouvernement provincial pendant un certain temps après l'Union ou être mis à la disposition du Gouvernement provincial à cette fin.

(ix) AVIATION CIVILE

En attendant que soient négociés à nouveau des accords aériens bilatéraux, il sera conclu un arrangement en vertu duquel le courrier pourra continuer d'être transporté directement par air entre Gander et les Etats-Unis.

Les autorités fédérales ne verront aucun inconvénient à ce que le Gouvernement provincial continue de maintenir l'hôpital Cottage, à l'aéroport de Gander. Les autorités fédérales en viendront à un accord approprié avec les autorités provinciales en vue des services d'hospitalisation qui pourront être requis pour l'exploitation de l'aéroport.

Les routes situées dans les limites de l'aéroport de Gander seront à la charge des autorités exploitant l'aéroport.

Le Gouvernement canadien, dans les conditions normales, n'interviendra pas dans l'administration des écoles et des églises à l'aéroport de Gander, sauf lorsqu'il s'agira de questions telles qu'un changement d'emplacement, opéré selon une formule avantageuse pour les deux parties.

Les autorités fédérales consulteront les autorités terre-neuviennes compétentes au sujet de la délimitation de l'aéroport de Gander.

(x) ENRICHISSEMENT DE LA FARINE

Le Gouvernement canadien prendra les mesures nécessaires, par voie de modification des règlements concernant les aliments et drogues et autrement, afin d'assurer que les normes de qualité prescrites pour la farine par la législation de Terre-Neuve resteront inchangées pendant une période de trois ans à compter de la date de l'Union.

(xi) SURPLUS DE STERLING BLOQUÉS

Un effort sera tenté pour que le montant du surplus détenu en sterling par Terre-Neuve soit mis à la disposition de Terre-Neuve, en dollars, dans l'année qui suivra l'Union.

(xii) PÊCHERIES

1. *Pêche chalutière*

Les chalutiers terre-neuviens seront autorisés à pêcher (comme ils le font déjà) jusqu'à la limite de trois milles des côtes de Terre-Neuve, et un amendement sera présenté à cette fin à la loi des pêcheries (1932).

Il est entendu que la méthode suivie pour la délivrance des permis aux chalutiers de Terre-Neuve visera à assurer le maximum d'efficacité à l'industrie de la pêche de cette province et le maximum de bien-être aux populations du littoral.

En ce qui concerne la détermination des eaux territoriales, nous comprenons que la règle "de pointe de terre à pointe de terre" qui s'applique actuellement à Terre-Neuve continuera de s'appliquer.

2. *Interdiction d'exporter le poisson d'appât*

La loi de la protection des douanes et des pêcheries interdit actuellement la vente d'appâts aux vaisseaux de pêche étrangers dans les eaux territoriales du Canada, sauf sous le régime de traités ou conventions spéciaux. Il sera présenté un amendement à cette loi afin que puisse se maintenir la coutume actuellement suivie par Terre-Neuve à cet égard.

3. *Octrois de permis aux locaux servant à la préparation du poisson (y compris les installations de prélèvement des filets et les installations de congélation)*

Il est entendu que la Commission des Pêcheries de Terre-Neuve, bien que cette question doive passer sous l'autorité des services fédéraux à la date de l'Union, sera, tant qu'elle fonctionnera, l'intermédiaire auquel il faudra s'adresser pour obtenir les permis et par lequel seront appliqués les règlements pertinents.

4. *Reconnaissance à la Commission des Pêcheries de Terre-Neuve du pouvoir de fixer des contingents pour les exportations de poisson*

Ce pouvoir, nécessaire pour les opérations de mise en marché de la Commission des Pêcheries de Terre-Neuve, sera conservé, en tant que fonction afférente à la mise en marché, par la Commission aussi longtemps qu'elle existera.

5. *Représentants commerciaux*

(a) Les représentants du commerce poissonnier envoyés à l'extérieur par la Commission des Pêcheries de Terre-Neuve (au nombre de 6, dont 5 actuellement en fonction) continueront d'être des fonctionnaires de la Commission et d'être rétribués à même les fonds votés pour la Commission, tant que celle-ci existera.

(b) Le ministère du Commerce intégrera dans le Service canadien des commissaires de commerce les deux commissaires de commerce de Londres et de New-York, qui relèvent présentement du Département des Ressources naturelles de Terre-Neuve.

6. *Taxe terre-neuvienne à l'exportation du poisson*

La taxe de 5c. par quintal sur le poisson exporté de Terre-Neuve sera abolie à la date de l'Union.

7. *Conservation par la Commission des Pêcheries de Terre-Neuve du pouvoir de négocier des contrats*

La Commission des Pêcheries de Terre-Neuve ne sera pas tenue de passer par la Corporation commerciale canadienne et elle pourra, à sa discrétion, continuer à percevoir un droit ou une commission pour ce service lorsqu'elle négociera des contrats, sous réserve seulement des règlements d'exportation ou d'importation qui pourraient exister.

8. *Emballages et empaquetages pour le poisson*

Les emballages actuellement fournis par des acheteurs des Etats-Unis aux producteurs de Terre-Neuve seront imposables en douane après la date de l'Union mais pourront bénéficier aussi du drawback de 99 p. 100 sur les réexportations, en tant que contenants de poisson frais congelé.

Des dispositions sont prises pour que le stock d'emballages existant et portant l'indication "Produits de Terre-Neuve" continue de servir à l'exportation.

L'importation d'emballages imprimés de tous genres, en papier, pour l'usage domestique, est interdite pour l'instant mais le ministère des Finances pourra accorder des permis dans les cas où l'importateur des Etats-Unis tiendrait à fournir lui-même l'emballage des marchandises qu'il achètera au Canada. Il n'est cependant imposé aucune restriction à l'importation des emballages transparents ni aux types de boîtes de carton habituellement utilisés dans le commerce du poisson. Ces emballages et contenants pourront aussi bénéficier du drawback de 99 p. 100 sur les réexportations, en tant que contenants de poisson frais congelé.

9. *Inspection des produits exportés*

La règle actuelle veut qu'il ne soit perçu aucun droit à l'égard des services d'inspection.

10. *Accords sur les tarifs douaniers*

La position, après l'Union, de l'accord entre Terre-Neuve et la République Dominicaine, qui prévoit de faibles droits de douane sur les importations de morue de Terre-Neuve dans la République Dominicaine est actuellement à l'étude. Au besoin, le Gouvernement canadien ouvrira des pourparlers à ce sujet.

11. *Service d'appâts*

Le Gouvernement canadien prendra des mesures législatives ou d'autres moyens qui pourront être nécessaires pour que le service d'appâts de Terre-Neuve puisse être pris en charge et administré, sans modification fondamentale, par le ministère des Pêcheries. Si, après la date de l'Union, il y est apporté des changements au bénéfice de l'ensemble du Canada, la question d'une indemnité fera l'objet de négociations entre les autorités fédérales et provinciales.

(xiii) ALLOCATIONS FAMILIALES

Le Gouvernement canadien prendra des mesures législatives ou d'autres moyens qui pourront être nécessaires pour que les résidents de Terre-Neuve ou les résidents du Canada qui résidaient antérieurement à Terre-Neuve soient traités sur le même pied que les autres résidents du Canada en matière d'allocations familiales.

(xiv) Chemin de fer de Terre-Neuve

Après la date de l'Union, les Chemins de fer Nationaux du Canada seront chargés d'exploiter le chemin de fer de Terre-Neuve et les services de cabotage, et il leur incombera de veiller à ce que les services soient proportionnés au trafic offert.

(xv) Département des Postes et Télégraphes

Il n'est proposé aucun changement à l'usage des fréquences accordées au Service de radiotéléphonie maritime de Terre-Neuve, mais il pourra plus tard être nécessaire de réviser les attributions actuelles de fréquences lorsque sera négocié un plan régional d'attribution de fréquences au Service de radiotéléphonie maritime des nations nord-américaines.

(xvi) Pénitenciers

Il est entendu pour le moment que Terre-Neuve continuera d'administer ses propres pénitenciers et que les prisonniers condamnés par les cours de Terre-Neuve à un emprisonnement de deux ans ou plus pourront y être incarcérés sous réserve des règles établies pour l'administration et le contrôle de l'institution par les autorités provinciales. L'entretien desdits prisonniers sera supporté par le Gouvernement canadien sur une base d'allocations journalières à un taux qui sera convenu de part et d'autre par le Gouvernement canadien et le Gouvernement provincial.

(xvii) Loi de la marine marchande au Canada

Les règlements de Terre-Neuve concernant l'octroi de certificats de capacité aux capitaines, seconds et ingénieurs des navires, autres que les navires au long cours et ceux qui sont affectés à la pêche, sont moins rigoureux que ceux prévus à la Partie II de la loi de la marine marchande au Canada (1934), et l'application de ces derniers aurait pour effet de frapper d'incapacité les capitaines, seconds et ingénieurs employés dans le commerce intérieur de Terre-Neuve, qui ne sont pas tenus par la législation de Terre-Neuve d'être titulaires d'un certificat.

Des dispositions seront prises pour que les capitaines, seconds et ingénieurs des navires immatriculés à Terre-Neuve puissent continuer d'opérer à leurs postes actuels. Si la législation nécessaire à cette fin n'est pas édictée immédiatement après l'Union, le Ministre des Transports pourra exercer l'autorité que lui confèrent les dispositions de l'article 133A de la loi de la marine marchande au Canada pour permettre d'en tempérer l'effet de façon que les opérations de la marine marchande terre-neuvienne ne subissent aucune interruption.

Les certificats de marins au long cours de Terre-Neuve ont déjà la même validité que les certificats analogues émis au Canada.

Il sera présenté un amendement prévoyant que les certificats de capacité pour le commerce intérieur émis à Terre-Neuve jusqu'à la date de l'Union auront la même validité que les certificats pour le commerce intérieur du Canada, et dès lors des certificats de service pourront être délivrés aux capitaines et aux capitaines [*sic*], seconds et ingénieurs, non titulaires de certificats, des navires du commerce intérieur de Terre-Neuve.

Des mesures seront prises pour continuer provisoirement la pratique terre-neuvienne en vertu de laquelle les vaisseaux affectés à la chasse au phoque sont

tenus d'avoir un officier navigant titulaire d'un certificat de capitaine au long cours jusqu'à ce que l'expérience ait démontré la nécessité ou la non-nécessité de nouveaux règlements concernant le personnel breveté de ces vaisseaux.

(xviii) IMMEUBLES DE L'AMIRAUTÉ

Au cas où le Canada ferait l'acquisition des immeubles de l'Amirauté du Royaume-Uni qui sont actuellement occupés par le Gouvernement de Terre-Neuve, à charge de réparations et d'entretiens ou à d'autres conditions, Terre-Neuve pourra continuer à occuper lesdits immeubles aux mêmes conditions, sous réserve de résiliation à l'égard de tout immeuble par l'une ou l'autre partie sur préavis de trois mois.

(xix) BATEAUX CLARENVILLE

La demande de la délégation de Terre-Neuve tendant à ce que le Gouvernement canadien fasse l'acquisition et assure l'exploitation des bateaux Clarenville dans leur affectation actuelle est encore à l'étude. On espère qu'il sera possible avant la date de l'Union de conclure avec le Gouvernement de Terre-Neuve des arrangements pour que l'exploitation desdits bateaux puisse se continuer.

(xx) TAXE AFFÉRENTE AU TRANSFERT DE VAISSEAUX

Les bateaux immatriculés à Terre-Neuve antérieurement au 1er novembre 1948, y compris les vaisseaux construits à l'étranger, pourront être transférés à l'immatriculation canadienne sans versement de droits, et pourront bénéficier, sans versement de taxe, d'un permis de cabotage pour le Canada.

Les chalutiers dont la commande a déjà été passée à l'étranger pour le compte de sociétés terre-neuviennes seront exonérés de droits si le contrat a été signé avant le 1er novembre 1948 à l'intention de l'industrie terre-neuvienne de la pêche.

Les vaisseaux construits à l'étranger et affrétés pour le commerce Terre-Neuve-Canada ou pour le cabotage de Terre-Neuve avant le 1er novembre 1948 auront la faculté d'exécuter jusqu'au bout leur contrat sans avoir à acquitter de droits.

(xxi) PETITES INDUSTRIES

Il est reconnu que l'Union entraînera une certaine dislocation des industries secondaires de Terre-Neuve, mais il est difficile de prévoir l'importance de cette dislocation, car la solution des problèmes qui se poseront dépendra dans une grande mesure de la façon dont les directeurs et les propriétaires des industries intéressées aborderont ces problèmes.

Le Gouvernement canadien ne négligera rien pour aider les industries secondaires de Terre-Neuve à résoudre les problèmes qui se poseront. Les facilités considérables du ministère du Commerce seront mises à contribution pour faciliter l'approvisionnement en matières premières provenant d'autres parties du Canada ou de l'extérieur. Le ministère gardera un bureau à Saint-Jean pendant au moins deux ou trois ans, et plus longtemps au besoin. La Corporation commerciale canadienne, qui est chargée d'effectuer les achats pour le compte des forces militaires, gardera un représentant à Terre-Neuve, et rien ne sera négligé pour que le Gouvernement effectue sur place une proportion raisonnable de ces achats. Au surplus, le ministère du Commerce constituera à Ottawa un comité de hauts

fonctionnaires chargés de veiller de concert à ce que les demandes de renseignements et problèmes particuliers de Terre-Neuve fassent l'objet de l'attention la plus prompte et la plus efficace possible.

(xxii) Pension des fonctionnaires

Les modalités d'application de la clause 39 des Conditions de l'Union, relative aux pensions, seront déterminées par voie de consultation entre le Gouvernement canadien et le Gouvernement de Terre-Neuve.

(xxiii) Avances recouvrables

1. En conformité des dispositions de la clause 25 des Conditions de l'Union, le Gouvernement canadien, dans les quinze jours qui suivront la date de l'Union, ou le plus tôt possible dans la suite, puisera à même les fonds votés par le Parlement pour:

(a) verser à Terre-Neuve le prix des vapeurs *Bar Haven* et *Springdale*, actuellement possédés et exploités par le chemin de fer de Terre-Neuve;

(b) rembourser à Terre-Neuve les paiements effectués et renoncer aux paiements à effectuer en vertu de l'article 2 de l'Accord entré en vigueur le 31 mars 1946 entre le Royaume-Uni, le Canada et Terre-Neuve visant l'achat par Terre-Neuve d'immeubles de l'aéroport de Gander ainsi que de matériel du Corps d'aviation royal canadien à Gander;

(c) rembourser à Terre-Neuve les paiements effectués par Terre-Neuve au Royaume-Uni pour les immeubles et le matériel de l'aéroport de Gander remis par la Royal Air Force;

(d) payer à Terre-Neuve les deux tiers des dépenses (moins les recouvrements) engagés à l'aéroport de Gander du 1er avril 1945 au 31 mars 1949 au titre des dépenses effectuées par Terre-Neuve pour convertir les immeubles à des fins civiles, au titre des améliorations apportées aux pistes d'envol ainsi que du remplacement et du développement des installations et de l'outillage, et

(e) payer à Terre-Neuve, sauf disposition contraire dans les présentes, la valeur des stocks et approvisionnements de consommation, tels qu'ils auront été déterminés par des inventaires physiques au 31 mars 1949, à l'égard des services pris en charge par le Canada et, sans restreindre la portée de ce qui précède, pour les services suivants:

(i) services postaux;

(ii) services télégraphiques; et

(iii) aéroport de Gander.

2. Le Canada prendra à sa charge les avoirs fixes du Chemin de fer de Terre-Neuve, libres de dette, sauf en ce qui concerne les sommes dues par le Chemin de fer, au 31 mars 1949, à la Reconstruction Finance Corporation des Etats-Unis d'Amérique. Il est entendu que le Chemin de fer sera remis au Canada en tant qu'institution en pleine activité et que les capitaux roulants du Chemin de fer acquis par le Canada au 31 mars 1949 seront maintenus à un montant égal à la somme du passif exigible du Chemin de fer et des sommes dues à la Reconstruction Finance Corporation.

3. Le Canada s'engagera à payer le matériel ferroviaire dont la commande était déjà passée à la date du présent mémorandum mais qui n'aura pas été livré au 31 mars 1949, et remboursera à Terre-Neuve les paiements effectués avant le 31 mars 1949 au compte du matériel commandé mais non livré au 31 mars 1949.

4. Il est entendu que Terre-Neuve gardera l'argent en dépôt dans le Fonds des renouvellements du chemin de fer au 31 mars 1949 ainsi que le produit de la vente de tous capitaux fixes effectuée entre la date du présent memorandum et celle de l'Union.

5. Le Canada se chargera de payer le matériel de télécommunication qui avait été commandé à la date du présent memorandum mais qui n'aura pas été livré avant le 31 mars 1949.

6. La responsabilité dans le cas de l'opération désignée sous le nom de "Northern Labrador Trading Operations" fera l'objet de pourparlers entre le Canada et Terre-Neuve et, au besoin, la province de Terre-Neuve.

7. Le Canada prendra à sa charge, libres de dette, les immeubles, installations et outillages de la Société de radiodiffusion de Terre-Neuve, et payera à Terre-Neuve les capitaux roulants existant au 31 mars 1949 et comprenant les fonds en caisse et en banque, les comptes recouvrables (moins la réserve pour mauvaises créances), les stocks de consommation (déterminés par un inventaire physique), moins le passif exigible au chapitre des comptes payables à cette date. Il est entendu que Terre-Neuve gardera les réserves de caisse de la Société et particulièrement le Fonds général de réserve, le Fonds spécial de péréquation des renouvellements, ainsi que les comptes de réserve des stations de radiodiffusion de Corner-Brook et de Saint-Jean respectivement.

8. Il est entendu que Terre-Neuve gardera les fonds en dépôt au 31 mars 1949 au Compte de rachat de la monnaie métallique. Le Canada remboursera à Terre-Neuve, à mesure que les fonds deviendront disponibles, les avances de capital de roulement au 31 mars 1949 au Compte d'avances des droits sur les colis postaux et à la Commission des ports de Saint-Jean.

9. Il est entendu que Terre-Neuve gardera la Caisse automatiquement renouvelable des marchandises essentielles ou, si ce service est pris en charge par le Canada, que le Canada lui remboursera les avances de capital de roulement (dans la mesure où celles-ci sont représentées par les capitaux roulants, déduction faite du passif exigible) à mesure que les fonds deviendront disponibles, au 31 mars 1949.

(xxiv) Remaniement des circonscriptions électorales

En ce qui concerne la méthode suivie pour remanier les circonscriptions électorales énumérées à l'Annexe aux Conditions de l'Union, la coutume du Parlement canadien est de réviser les frontières des circonscriptions électorales en fonction de chaque rajustement de la représentation parlementaire qui suit les recensements décennaux. Les circonscriptions électorales mentionnées à l'Annexe seront revisées en conformité de cette coutume.

806. FCO

Le haut commissaire de Grande-Bretagne au secrétaire d'État aux Relations avec le Commonwealth de Grande-Bretagne

High Commissioner of Great Britain to Secretary of State for Commonwealth Relations of Great Britain

DESPATCH 304 Ottawa, December 23, 1948

Sir,

With reference to my despatch No. 197 of the 25th August,[†] I have the honour to report that the Newfoundland Delegation to negotiate the final terms for the entry of Newfoundland into Confederation with Canada duly arrived in Ottawa early in October. The negotiations led to the drawing up of agreed Terms of Union which were signed at Ottawa on the 11th December. Copies have already been forwarded but a further copy is enclosed herewith for ease of reference. The publication of the Terms themselves was accompanied by the publication by the Canadian Government of "Statements on Questions Raised by the Newfoundland Delegation," a copy of which is also enclosed. This contains a number of assurances on matters of administration and policy which, while important in themselves to Newfoundland, were not suitable for inclusion in the Terms of Union.

2. The Newfoundland Delegation consisted of Mr. A. J. Walsh, Commissioner for Justice in the Newfoundland Commission of Government, Mr. J. R. Smallwood and Mr. F. G. Bradley, Leaders of the pro-Confederation party, Mr. J. B. McEvoy, who had previously been Chairman of the National Convention in Newfoundland, Mr. P. Gruchy, Manager of the Anglo-Newfoundland Development Company, and Mr. G. A. Winter, formerly President of the Newfoundland Board of Trade. Mr. C. A. Crosbie. a St. John's businessman and leader of the Newfoundland movement for economic union with the United States, was also a member of the Delegation but was delayed by a motor accident from joining the Delegation until some weeks after the opening of the negotiations.

3. On the Canadian side the negotiations were conducted by a Cabinet committee consisting of Mr. L. S. St. Laurent, Acting Prime Minister, as Chairman, Mr. C. D. Howe, Minister of Trade and Commerce, Mr. D. C. Abbott, Minister of Finance, Mr. Brooke Claxton, Minister of National Defence, Mr. J. H. McCann, Minister of National Revenue, Mr. R. W. Mayhew, Minister of Fisheries, and Mr. L. B. Pearson, Secretary of State for External Affairs. Mr. Pearson was absent almost the whole time, first fighting a by-election in order to obtain a seat in Parliament and, as soon as he had been elected, at the United Nations Assembly in Paris. He therefore took virtually no part in the negotiations. Mr. St. Laurent was also absent part of the time at the Commonwealth Prime Ministers' Meeting in London and, both in his absence, and also frequently after he had become Prime Minister on 15th November, Mr. Claxton acted as Chairman.

4. Whilst the terms now signed follow closely the "Proposed Arrangements for the Entry of Newfoundland into Confederation" sent by the Canadian Gov-

ernment to the Newfoundland Government on 29th October, 1947, (see my despatch No. 285 of 7th November, 1947)[95] they are, as was only to be expected, more detailed. Moreover they are more favourable to Newfoundland in the matter of finance, and give the new Province an exceptional position in the control of fisheries, two matters to which the Delegation attached the highest importance.

5. The 1947 proposals provided that, if the people of Newfoundland decided to enter as a province into the Canadian Confederation, the Canadian Government should take over the Newfoundland sterling debt, while leaving to the Provincial Government the financial surplus accumulated by the present Newfoundland Government, and should pay to the province an annual subsidy on the same scale as paid to the existing provinces and also $1.1 millions a year in lieu of various subsidies paid to the Maritime Provinces and in recognition of the special problems created for the island province of Newfoundland by geography and a sparse and scattered population. Over and above these payments, the Canadian Government were prepared to pay a diminishing "transitional grant" for the first twelve years, beginning at $3 1/2 millions a year for the first three years and amounting over the 12-year period to $26 1/4 millions. The Newfoundland Delegation on arrival at once made known their apprehension lest the new Provincial administration, as a result of transferring to the Central Government the customs duties and income tax which have been the Newfoundland Government's principal source of revenue, would not be able to make ends meet when the transitional grant began to taper off. The Canadian negotiators considered that the Delegation had over-estimated the Provincial outgoings and had made insufficient allowance for the money likely to flow into the Province as a result of the pensions and other benefits which will become payable from Dominion funds. Even so, they were willing to go some way to meet Newfoundland apprehensions, but were themselves nervous of making concessions which they feared would lead the existing less favoured provinces to claim similar generous treatment and the richer provinces of Quebec and Ontario to complain of the Central Government's open-handedness. The Newfoundland Delegation were adamant that they would not agree to financial terms which in their opinion would confront the new province with the prospect of bankruptcy in a few years' time. Indeed at one stage in the negotiations it looked as if the negotiations might reach a deadlock on the question of finance. The Canadian Government, however, could not afford to let it be said that, when both sides had come so far towards union, they had allowed the negotiations to break down on account of a few million dollars, and in the end they were persuaded to offer an increase in the transitional grant during the first eight years. Under the terms as signed the grant is to be increased to $6 1/2 millions in each of the first three years, tapering to $2 1/4 millions in the eighth year. The grant for the final four years shows no change from the 1947 offer. Within eight years from the date of union a Royal Commission is to review the financial position of the Province. Under the 1947 offer the transitional grant was to be $3 1/2 millions in each of the first three years, tapering to $1 3/4 millions in the eighth year. The revised offer thus represents an increase in the total amount

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[95]Voir le document 449.

[95]See Document 449.

for the transitional grant over 12 years from $26 1/4 millions to $42 3/4 millions. As part of the general settlement, it was acceptable to all the members of the Newfoundland Delegation, except — as it turned out — to Mr. Crosbie, who at the twelfth hour refused to sign the Terms on the ground that the financial arrangements were inadequate. Even of his refusal it may be said, "It's an ill wind —" since it has been cynically remarked in Ottawa that, if the entire Delegation had accepted the Terms without any reservation, the existing Provinces would certainly have complained that they were too generous!

6. On the subject of the fisheries, the Newfoundland Delegation succeeded in obtaining Canadian agreement to the continuance of the Newfoundland Fisheries Board and its operations for the first five years after union. Newfoundland will thus be able to continue the export marketing of salt fish to other countries, or to other provinces of Canada, through the Fisheries Board. In the rest of Canada the administration of fisheries and of marketing is the responsibility of the Central Government. The Canadian Parliament will in this five-year period only be entitled to change or repeal the Newfoundland fisheries laws if the consent has first been obtained of the Lieutenant-Governor in Council of the New Province.

7. On the basis of its present population, Newfoundland will be represented by seven members in the Canadian House of Commons. The House at present numbers 245 but under a redistribution which has already been approved will number 255 at the next general election. The addition of the Newfoundland members will bring the numbers up to 262. It is confidently expected that at least five of the Newfoundland members will support the Liberal Party. Their votes may therefore be a welcome addition to the Liberals who at present number only 124 in the House of 245. Since the number of seats allotted to each Province has to bear the same proportion to the total number of seats as the population of the Province bears to the total population of the Dominion, the number of seats enjoyed by Newfoundland may fall unless the population of Newfoundland increases at the same rate as that of the other provinces. It is provided, however, that Newfoundland is not to have fewer seats in the House of Commons than Senators in the Senate. The "normal" size of the Senate is 96, divided equally between the four regions of Canada (Ontario, Quebec, Maritime Provinces and Western Provinces). When these numbers were approved in 1915 in place of those previously laid down in the British North America Act, 1867, it was provided that, if Newfoundland were admitted into the Union, it should be entitled to six seats, thus raising the normal number of the Senate to 102. In practice the Senate is practically never up to its normal strength and it may well prove in the course of years that the chief practical importance of the Senatorial representation assigned to Newfoundland will be to set a minimum for the Newfoundland representation in the Lower House.

8. The Terms will be submitted to the Canadian Parliament for approval when it reassembles at the end of January. They also require the approval of the Newfoundland Government. It is contemplated that both the Canadian Parlia-

ment and the Newfoundland Government will then forward addresses[96] to London asking for the confirmation of the Agreement by the Parliament of the United Kingdom. Subject to this process, the Terms come into force "immediately before the expiration of the thirty-first day of March, 1949." This formula was adopted to avoid malicious references to April Fools which were feared if the 1st April had been chosen as the date.

9. The Terms were signed at a public ceremony in the Senate House on 11th December, Mr. St. Laurent and Mr. Claxton signing for Canada, and all the members of the Newfoundland Delegation signing, except Mr. Crosbie, who as already stated, refused to sign, and in fact left Ottawa a few hours before. The same ink-well was used as when the original Confederation proposals were signed in 1864. Impressive speeches were made by Mr. St. Laurent and Mr. Walsh, which were broadcast throughout Canada and Newfoundland. Appropriately enough Mr. Mackenzie King, the late Prime Minister, had recovered sufficiently to attend the ceremony. The only slight hitch, which I record here as a sidelight on the aloofness which has hitherto characterized Canadian-Newfoundland relations, was that the band which had been mustered at the last minute could not find the music of the "Ode to Newfoundland" and so could not play it after "God Save The King" and "O Canada." Mr. St. Laurent therefore called for three cheers for Newfoundland. In the evening, to celebrate the occasion, the Prime Minister gave a dinner party at the Country Club, which was attended by those on each side concerned in the negotiations, the Governor General, Mr. Mackenzie King, and myself.

10. A successful outcome to the negotiations had been generally expected but was none the less gratifying to Canadians. There is a feeling in Ottawa that the errant and high-spirited son who is now at last joining the rest of the family after running wild for so long a period may prove to be both unruly and prodigal, but that any sacrifice and inconveniences entailed will be well repaid in the long run. Even the French-Canadian newspapers have for the most part forborne to criticize, and some of them noted with pleasure that Mr. St. Laurent delivered part of his speech at the signature ceremony in French, thus marking the bilingual character of the Confederation which Newfoundland is about to enter. There are qualms in Ottawa about a seeming revival in Newfoundland of opposition to the union which has found vent not only in the activities of the Responsible Government League, who sent a deputation to London to foment opposition among members of Parliament,[97] but also in a violent press article by the Roman Catholic Bishop of Harbour Grace, Newfoundland, complaining that the vote in favour of Confederation was engineered by "Communist tactics." One or two voices

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[96] Le gouvernement de Terre-Neuve n'a toutefois pas envoyé d'adresse. Il a simplement envoyé un télégramme au secrétaire d'État aux relations avec le Commonwealth de Grande-Bretagne après avoir approuvé les conditions. Voir les documents 955 et 971.

[97] Voir les documents 830, 833 et 837.

[96] The Government of Newfoundland did not, in fact, forward an address. It simply sent a telegram to the Secretary of State for Commonwealth Relations of Great Britain after having approved the terms. See Documents 955 and 971.

[97] See Documents 830, 833 and 837.

have also been heard that it might perhaps after all have been better if the Union had been arranged with an elected responsible government in Newfoundland rather than a delegation backed merely by a 52% majority at a referendum. In any event it is realized that the union of two modern countries in the middle of the twentieth century is a more complicated undertaking than the original confederation of undeveloped provinces and colonies in the 1860's, that many administrative problems will need to be smoothed out, and that some differences of outlook will only be composed by the passage of years. But these reflections do not weaken the feeling of quiet satisfaction in Canada as a whole that the union of the British communities in North America begun eighty years ago is now at last on the eve of completion.

11. I am sending copies of this despatch to His Majesty's United Kingdom Ambassador at Washington and to the United Kingdom representatives in other Commonwealth countries.

I have etc.

P. A. CLUTTERBUCK

SECTION B

ATTITUDES PUBLIQUES

PUBLIC ATTITUDES

807. 2828-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 371 St. John's, July 31, 1948

Sir,

I have the honour to inform you that the Prime Minister's telegram to the Secretary of the Responsible Government League,[98] in reply to his telegram of July 29th on behalf of the League,[99] was read over the radio last night by Mr. Wickford Collins, Secretary of the League, in the course of an address in which he proclaimed the League's determination to continue to work for the restoration of Responsible Government. The speech had evidently been intended for delivery prior to any announcement by the Canadian Government regarding Newfoundland. It was, nevertheless, delivered shortly after the official statements regarding Newfoundland had been read over the radio.[100]

2. Mr. Collins announced in the course of his address that on July 29th the Responsible Government League had sent a cable to the Secretary of State for

[98]Document 665.

[99]Document 660.

[100]Voir les documents 669, 670 et 671.

[100]See Documents 669, 670 and 671.

Commonwealth Relations† asking him to receive a delegation from the League "for the purpose of discussing questions of vital importance arising out of the referendum result and before any final decision is made or proclaimed regarding the irrevocable alteration of the national status of Newfoundland."

3. The Prime Minister's reply to the Responsible Government League's telegram and the League's telegram to the Secretary of State for Commonwealth Relations were published in the *Daily News* this morning. Copies of the relevant clippings are enclosed.†

I have etc.

PAUL A. BRIDLE

808. 2828-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 374 St. John's, August 2, 1948

Sir,

I have the honour to refer to the telegram dated July 25th[101] which Mr. Wickford L. Collins, Secretary of the Responsible Government League, sent to the Prime Minister on July 25th on behalf of the League contending that federation of Newfoundland with Canada should only be brought about after negotiations between the Canadian Government and an elected Newfoundland Government.

2. As I think you know the same cable was sent not only to yourself but also to Mr. Bracken, Mr. Diefenbaker, Mr. Coldwell, Mr. Gardiner, as well as to Mr. Philip Noel-Baker, Mr. Winston Churchill, Mr. Anthony Eden, Sir Archibald Sinclair and Sir Alan Herbert. The St. John's *Daily News* reports this morning that the Responsible Government League has now received a cable from Sir Alan Herbert which reads as follows: "Found your telegram on return from abroad. Heartily agree. Parliament adjourned today but has [have?] put down three questions which may be answered during recess. Letter following with questions."

3. Sir Alan Herbert is, as you no doubt know, A. P. Herbert the well known humorist and long-time Member of Parliament for Oxford University. He was a member of the Parliamentary Mission which visited Newfoundland in 1943 to make an informal enquiry into conditions there. The other members of the Mission were, as you know, Lord Ammon, its leader, and Sir Derrick Gunston. So far as I know the reports of the members of the Mission have never been published but Lord Ammon has made his views known in a pamphlet entitled *Newfoundland, the Forgotten Island* which was published by Fabrian Publishers Limited

[101] Document 640.

in October, 1944. I do not know if Mr. Herbert's conclusions as a result of his visit to Newfoundland in 1943 have ever been made public but I recall that he has on more than one occasion indicated in Parliament that he favours a future form of government in Newfoundland which would in some way maintain its traditional connection with the Mother Country. It is my understanding that Confederation with Canada is not, in Sir Alan Herbert's view, a form of government which would do this and I believe he has always been fundamentally opposed to it.

I have etc.

PAUL A. BRIDLE

809. 2828-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 158 St. John's, August 3, 1948

IMPORTANT. RESTRICTED. Final release regarding results of the National Referendum issued today shows Confederation as having received 78,451 votes and Responsible Government 71,217 giving Confederation a majority of 7,234.

2. As you know, majority previously for Confederation was 6,405. The increase for Confederation's majority is almost entirely the result of the final count in Labrador, giving Confederation a considerably larger majority than had been expected. The figures previously reported for Labrador were Confederation 2,263 and Responsible Government 909. The figures released today give Confederation 2,802 and Responsible Government 645 — that is, 539 more for Confederation and 364 fewer for Responsible Government. It was impossible to obtain an accurate count for Labrador until the returning officers in charge of polls on land and on the water respectively, had met and compared notes. When this was done it was found that interim returns had been in error to the extent noted above.

3. The final count issued yesterday is, of course, subject to confirmation after checking by the Chief Electoral Officer. I understand, however, that votes cast in 15 of 25 districts have now been checked and that it is anticipated that the majority at present shown for Confederation will remain substantially unaltered.

810. 2828-40

Extraits d'une dépêche du haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Extracts from Despatch from Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 386 St. John's, August 3, 1948

Sir,

I have the honour to enclose clippings† from the St. John's *Daily News* and *Evening Telegram* of July 31st and August 2nd commenting on the announcement of the Canadian Government's decision to recommend to Parliament that Newfoundland should become the tenth province of Canada.[102]

2. On July 31st, the *Daily News* asserted that 4% of those voting is an extremely slim margin upon which to make an irrevocable alteration of the national status of Newfoundland, and implied that the newspaper cannot share any feeling of pride and satisfaction in the achievement of the union of Newfoundland and Canada which it regards as taking place "according to plan." The newspaper also questioned the attitude of certain Canadian newspapers, which, while pleased that Newfoundland is to become a province of Canada, claim that Newfoundland will be a financial burden on the Dominion.

3. On August 2nd, the *Daily News* commented at greater length on the three statements issued on July 30th regarding the political future of Newfoundland. It adhered to its perennial contention that Newfoundland could only expect to get proper terms as a result of negotiations between sovereign governments but, at the same time, it accepted the facts as they now exist. It said "Let us be clear on one point. We are not fighting against a union which is clearly inevitable. It would be political suicide for a Canadian parliamentary party to reject the opportunity of rounding off the Dominion by the inclusion of Newfoundland and Labrador. We are in, even if it takes many months to make the deal official."

4. The *Daily News* went on to argue that "it is now the job of the delegation to Ottawa to demonstrate with forceful argument what we need for a proper existence." It claimed that in so doing, the delegation would be "presenting to the Canadian people an opportunity to heal some of the divisions in Newfoundland by exhibiting not merely a liberal but also a sensible attitude towards us."

5. The editorial concluded "We want to say right here for the record that the Canadian Government has not merely a responsibility to this country in view of the manner in which union was brought about but an opportunity as well to exhibit enlightened statesmanship. It may not be simple for those who supported self-government to accommodate themselves easily to the new order but a demonstration of a sound sense of justice and liberality by Canada would create a friendlier feeling and certainly it cannot be good for Canada that it should acquire a new province in which half the people are suffering from a deep sense of grievance and the other half may be ultimately brought to the same condition by the gradual dispelling of all their fond illusions. In this situation a test of statesmanship is to be found and we may only hope and pray that for the good of Newfoundland and the general well-being of the new union, the Government, the Parliament, and the Provinces of Canada will show themselves worthy of the occasion and the opportunity."

[102]Voir le document 669.

[102]See Document 669.

6. The "Wayfarer," the *Daily News* columnist, pursued much the same line as the *Daily News* itself, but was somewhat more recalcitrant. His general line may be summed up by quoting the following passage from his August 2nd column:

"Forces against which it was impossible to struggle successfully were employed; agents were used who sought to conquer through division and have succeeded all too well; and so Newfoundland, assuming the almost certain assent of the Canadian parliament, goes willy-nilly, a divided country, into a union which, by more tactful methods, she could have been persuaded to enter in a different spirit."

His main contention was that "Newfoundland has been committed without an opportunity to discuss or bargain."

7. The St. John's *Evening Telegram* carried an editorial on July 31st entitled "Canada Welcomes Newfoundland" and quoted a number of passages out of the Prime Minister's statement of July 30th, underlining the use of the word negotiations and the fact that any special problems which may arise are to receive most careful consideration. The newspaper commented editorially,

"In view of the plurality vote in the referendum in favour of union, and in the same spirit in which the hand of fellowship is extended by the Dominion, the hope is that Newfoundlanders, whatever their political sentiments may be, will accept the decision. To the end that past bitterness may be put aside and that the two peoples may be enabled in friendly and helpful partnership to go forward into the future together, The *Telegram* trusts that the churches, the press, the radio and various organizations will exercise their whole influence to achieve the desired purpose with dignity and in harmony."

8. In another editorial entitled "Newfoundland's Real Problem" which was published on the same day, the *Evening Telegram* stated that "whatever other issues arising from the referendum vote may be regarded as debatable, the fact is shown by the result of the poll that the electorate has not favoured the restoration of Responsible Government." The newspaper then went on to state why, in its opinion, the people had a very good reason for adopting this attitude. It reviewed the three-quarters of a century during which Newfoundland was administered by a Responsible Government, and showed that one government after another was presented with the insuperable problem of endeavouring to provide the people with the services they required without, at the same time, having adequate resources upon which to draw. The result was an unbearable national debt, a lamentably low standard of living, and highly inadequate public services — even when budget figures might seem to indicate prosperous times. The *Evening Telegram* concluded that it is doubtful if, on the basis of existing resources, Newfoundland as a Dominion could continue to finance the public services which have been introduced during the past few years when revenue reached unprecedented heights. "The electorate" it said, "no doubt gave consideration to such matters."

9. In the same newspaper on July 31st, Mr. Chesley A. Crosbie, the leader of the "party" which advocated Responsible Government as a first step toward securing economic union with the United States, published an open letter to the public of Newfoundland which read in part as follows:

"As a result of the 2nd Referendum the decision has now been made that Newfoundland will join with the Dominion of Canada as the 10th Province. This decision based upon the slight majority of votes cast for Confederation in the last Referendum will be very hard for many of us to accept. However the first principle of our Democracy is that the vote of the majority must be decisive.

Though the Economic Union Party failed in its primary object it has clearly shown that there exists a large minority group opposed to Confederation upon the present terms. This fact should greatly help in the future negotiations with the Federal Government and make possible better and more generous terms for our entry into the Dominion of Canada as the 10th Province. Let us hope that Confederation will prove as beneficial for our island as has been promised by the Confederate leaders.

In closing I must express my sincere appreciation and warm thanks to the many people who gave of their time, their energy and their money to fight our cause. As for myself I will always remember and be deeply conscious of the faith placed in me as leader of the party by the public of this country.

Finally let us remember the most urgent necessity is to overcome the bitterness and antagonism which developed during the campaign, for only by uniting and working together can Newfoundland hope to make any real progress in the future."

. . .

12. The correspondence columns of the St. John's *Daily News* during the past two or three days have published letters from individuals advocating the formation of movements to foster a free and independent Newfoundland. It has also been reported in the St. John's *Daily News* that in one or two areas posters have been placed in private houses expressing such sentiments as "Newfoundland for Newfoundlanders," "This is our land, let us hold it," "71,000 people must be heard," "We were promised Responsible Government, now we demand it." I know of no reason at the moment to regard such manifestations as of any great significance.

13. Commenting on one of the plans mooted by the *Daily News* correspondents, the editor of the Woman's Page of the *Evening Telegram* noted on July 31st that it is evidently advocated that the Avalon Peninsula should be cut off politically from the rest of Newfoundland and formed into "a free state of Avalon" which would control Labrador and, at the same time, become "an individual state within the British Empire." The editor said that, in her opinion, the whole idea is laughable, and pointed out that (a) Labrador is one of the strongest Confederate districts, and (b) the great majority of Newfoundland's primary industry exists outside the Avalon Peninsula. She also said "Another thing which does not make sense . . . is the request by the Responsible Government League that the Canadian Government accept a delegation. . . . Somehow we cannot imagine the Canadian Government receiving a delegation from a mere political organization. We agree with the League's right to present their views, but we think they are going the wrong way about it."

. . .

15. The St. John's *Sunday Herald* in its issue which appeared on the news stands on August 1st published an editorial entitled "What Awaits Us?" This editorial, like a number of news items which it published in the same issue, was of a rather unpleasant character, its main effect being to suggest that, unless the Newfoundland Government chooses wisely and watches warily its steps in dealing with Ottawa, Confederation may not only have a harmful effect on the Newfoundland economy but may also arouse "embitterments and hatreds between our peaceful and compassionate Newfoundlanders." The editorial concluded with an appeal to Newfoundlanders to put the welfare of the people, particularly the producers, above all.

16. It is difficult to understand just what the *Sunday Herald* is up to at this point, particularly in view of the very constructive and conciliatory editorial which it published on July 24th.[. . .]

17. The only item of interest in the *Sunday Herald's* news stories was the assertion that "a spokesman for the Labour Progressive Party announced in Montreal last week that it is intended to open a branch of the party in St. John's, and eventually in Corner Brook and Grand Falls." The story concluded with the statement "There is no doubt that there is enough dissension in Newfoundland now without letting a bunch of Communists loose here and create even more."[. . .]

. . .

I have etc.

PAUL A. BRIDLE

811. 2828-40

Le haut commissaire en Grande-Bretagne au sous-secrétaire d'État aux Affaires extérieures

High Commissioner in Great Britain to Under-Secretary of State for External Affairs

SECRET AND PERSONAL London, August 10, 1948

Dear Mr. Pearson,

I have just been reading Mr. MacKay's very interesting and useful notes on his conversations with people in Newfoundland in the week after the referendum.[103] I am sure it was a good idea to send him to St. John's on this errand, and that his report was of real help to the Government in coming to its decision to accept the referendum majority as adequate.

Mr. MacKay's account of his conversation with the Catholic Bishops reminded me of a conversation I had some weeks ago with Cardinal McGuigan,[104] whom I tried to draw a bit about the reasons for the Catholic opposition to Confederation.

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[103] Voir la pièce jointe, document 666.
[104] L'Archevêque de Toronto.

[103] See enclosure, Document 666.
[104] Archbishop of Toronto.

The Cardinal said he was quite unfamiliar with church politics and personalities in Newfoundland, though his attention had been drawn to the editorial in the *Monitor* opposing Confederation. He had been surprised at the vigorous line taken in this leader, and assumed that it could only have been taken with fairly explicit authority from the Archbishop of St. John's. He thought it might reflect the Archbishop's strong private views, reinforced by the separatist traditions of the Newfoundland Irish.

I received the impression from Cardinal McGuigan that there were virtually no ecclesiastical contacts between the Catholic Church in Newfoundland and the Catholic Church in Canada. The Church, of course, as a matter of policy has always made its ecclesiastical provinces conform to the prevailing political geography, and so long as Newfoundland remained out of Confederation the Catholic Church in Newfoundland could not be expected to have any structural or functional connections with the Catholic Church in Canada. In practice separatism had gone further than the law required, and there had not been nearly as much visiting back and forth between Bishops in Newfoundland and Bishops in Canada as there had been between Canadian Bishops and their colleagues in neighbouring American dioceses. The Newfoundland clergy were as a rule trained on the Continent or in Ireland, rarely in Canadian seminaries; nor was there any close cooperation between the branches of religious communities or teaching Orders in Canada and Newfoundland.

The Cardinal supposed that if Newfoundland had come [*sic*] into Confederation, there would in due course be some closer cooperation between the two hierarchies, though I gather that the process of integration had not been greatly helped by the Vatican's recent appointment of a French-Canadian prelate as Apostolic Delegate in St. John's.[104a]

Yours sincerely,

N. A. ROBERTSON

812. 2828-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures[105]

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs[105]

TELEGRAM 168 St. John's, August 11, 1948

IMPORTANT. The St. John's *Daily News* publishes this morning the text of a "message" which it says was sent to the Prime Minister yesterday by the Responsible Government League. The following is the text of the message as published:

[104a]Voir le document 836.

[105]Ce télégramme fut signalé au Premier ministre.

[104a]See Document 836.

[105]This telegram was referred to the Prime Minister.

"I am directed to communicate to you the following message. On receipt your telegram July 30th, Responsible Government League communicated with Chairman of Commission asking that they approve the sending of a delegation to Ottawa to discuss with you and your colleagues matters relating to Confederation issue. Commission has now replied that it sees no reason why such a delegation should be sent in view of the fact that they have already appointed delegation to negotiate final terms of union. For your information this particular delegation includes the three leading Confederate advocates. There is no representative from the official Responsible Government League nor has the League been done the courtesy of being requested to appoint delegates who would be on such delegation for the sole purpose of protecting the interests of Newfoundland. These deliberate attempts to stifle any expression of opinion from the Responsible Government movement forces the League to the conclusion that the three Governments concerned are proceeding with a pre-arranged plan to force this country into Confederation regardless of the wishes of that vast section of our people who are opposed to entering the Federation of Canada through the unconstitutional and unjust methods employed. The Responsible Government League has dedicated itself to the task of protecting the rights of that large minority and this it will do with an inflexible determination strengthened by the belief that right will be done. Your Government can receive a delegation from the Responsible Government League without requiring authorization from the Commission of Government for the League not having been set up by the Commission of Government or the Dominions Office is in no way similar to the National Convention."

2. The newspaper also publishes a "message" which it says was sent by the League yesterday to the Secretary of State for Commonwealth Relations. The following is the text of the message as published:

"I am directed to communicate to you the following message. The Commission of Government has informed us that you see no useful purpose in receiving a delegation from the Responsible Government League to discuss questions arising out of the recent national referendum. In view of methods used by those advocating the cause of Confederation and particularly in view of the actions of certain members of the Commission Government in taking public part in the recent campaign and finally in view of fact that Commission of Government did not do the courtesy to this recognized League to even suggest or request representative from the League on the recently appointed delegation of Newfoundland to Ottawa we can only come to the conclusion that your Government is a party to a gross injustice to be inflicted on our people and that the United Kingdom Government has demonstrated beyond all doubt that it has been its definite policy particularly during the past few years and more particularly when you ignored the decision of the majority of the National Convention to force Newfoundland into Confederation with Canada at any cost. Under such circumstances this Responsible Government League informs you that it will leave no stone unturned to fight with every legitimate means at its disposal such injustice on the part of the three Governments involved and particularly in view of the deliberate violation by your Government of a solemn pledge entered into with the Newfoundland Government in November 1933."

3. Both "messages" are signed "Wickford L. Collins, Secretary Responsible Government League."

813. 2828-40

Le Premier ministre au secrétaire, la Ligue pour le gouvernement responsable de Terre-Neuve

Prime Minister to Secretary, Responsible Government League of Newfoundland

Ottawa, August 11, 1948

I have today carefully considered with my colleagues the representations of your telegram of yesterday. While we are most anxious to meet as far as possible the wishes of all parties in Newfoundland in the matter of receiving such representations as they may wish to have considered, we do not feel that in that connection we would be justified in departing from the procedure set forth in my reply of July 30 to your telegram of July 29th.

W. L. MACKENZIE KING

814. 2828-40

Extraits d'une dépêche du haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Extracts from Despatch from Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 407 St. John's, August 13, 1948

Sir,

As I think you are aware, the Grand Master of the Provincial Grand Orange Lodge of Newfoundland wrote a letter to members of the Lodge shortly before the July 22nd vote, deploring what he described as an attempt by members of the Roman Catholic Church to influence the result of the referendum "upon grounds having no relation to the merits of the various forms of government submitted to the people."[106]

. . .

3. The issue of the *Sunday Herald* which appeared on August 8th contained a rather vague item which read in part: "A letter which is being widely distributed throughout the country . . . has now been sent to a number of Canadian papers by certain persons who intend making an issue of the matter." It is probable that the letter herein referred to is the letter under reference in this despatch. The fact that the *Sunday Herald* has made the above statement is no assurance, of course, that copies of the letter have in fact been sent to Canadian newspapers.

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[106]Voir la pièce jointe, document 652.

[106]See enclosure, Document 652.

4. I have obtained a copy of the letter and enclose one herewith for your information. As you already know, religion entered into the political campaign to a certain degree and I do not wish to minimize the extent to which it may still influence the political outlook of certain sections of the people. At the same time, I do not think that the enclosed letter or the circumstances out of which it arose need cause us any present concern unless extremists such as Mr. Cashin still unreconciled to Confederation should use it in an attempt to embitter the Roman Catholic minority. At the moment I can offer no confirmation of the *Sunday Herald*'s statement that the letter is being widely distributed throughout the country.

I have etc.

PAUL A. BRIDLE

815. 2828-40

Extrait d'un télégramme du haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Extract from Telegram from Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 171 St. John's, August 13, 1948

IMPORTANT. There appears to be a growing interest in official circles and on the part of some members of the public in studying proposed arrangements for entry of Newfoundland into Confederation and report of meetings held in Ottawa last summer.

2. The *Evening Telegram* is now publishing proposed arrangements in serial form. During the past week I have received request for copies of both publications from the Chairman of the delegation and also from two senior civil servants. I have referred these requests to the Newfoundland authorities and they have been able to meet them out of supply left by the Secretary of the National Convention. There is also some demand from members of the public which Newfoundland authorities are not at present in a position to meet.

. . .

816. FCO

Le haut commissaire de Grande-Bretagne au secrétaire d'État aux Relations avec le Commonwealth de Grande-Bretagne

High Commissioner of Great Britain to Secretary of State for Commonwealth Relations of Great Britain

DESPATCH 197 Ottawa, August 25, 1948

CONFIDENTIAL

Sir,

In my despatch No. 285 of 7th November, 1947,[107] I summarised the developments up to then of the question of the entry of Newfoundland into the Canadian Confederation. It may be useful to bring up to date that account, which concluded with the statement by the Canadian Government of the arrangements which they would be prepared to recommend to the Canadian Parliament as a basis for union. The position of the Canadian Government was defined as follows:

"Should the people of Newfoundland indicate clearly and beyond all possibility of misunderstanding their will that Newfoundland should become a province of Canada on the basis of the proposed arrangements, the Canadian Government, subject to the approval of Parliament, would for its part be prepared to take the necessary constitutional steps to make the union effective at the earliest practicable date."

2. The Delegation from the Newfoundland National Convention having returned to St. John's, the National Convention resumed their consideration of the recommendations which they should make to His Majesty's Government in the United Kingdom about the possible forms of future government to be laid before the people of Newfoundland in the referendum. On 22nd January the National Convention voted unanimously to recommend that the alternatives of continuance of government by Commission and the restoration of responsible government should be submitted to the voters in the referendum. On 28th January the National Convention rejected by 29 votes to 16 a resolution in favour of including confederation with Canada in the referendum.

3. This latter vote was widely reported in Canada, and, although it came as no surprise to official quarters, it was something of a shock and a disappointment to public opinion. Mr. St. Laurent, the Canadian Secretary of State for External Affairs, at once put the vote in the proper perspective by a statement in the Canadian House of Commons on 29th January that the Canadian Government were taking no part in presenting the "terms" of confederation to the people of Newfoundland and did not wish to influence their decision; the Canadian offer was still before the people of Newfoundland and the National Convention was an advisory body whose decisions were not binding either on the people of Newfoundland or on the United Kingdom Government. The Canadian Government amplified this confidentially to the United Kingdom Government by saying that they regarded the questions to be submitted to the people of Newfoundland as entirely a matter for the United Kingdom Government to decide.

4. The month of February was occupied in consideration in London of the course to be followed by the United Kingdom Government in this embarrassing situation, and both the Governor of Newfoundland and I myself were called to London for consultation. Sir Gordon MacDonald returned *via* New York for personal discussions with the Secretary of State for Commonwealth Relations, who was detained there by the lengthy discussion of the Kashmir situation in the United Nations Security Council. In the result, the Secretary of State informed

[107] Voir le document 449.

[107] See Document 449.

the Governor in a despatch of 2nd March, which was published on receipt in Newfoundland, that His Majesty's Government in the United Kingdom had come to the conclusion that it would not be right that the people of Newfoundland should be deprived of an opportunity of considering confederation with Canada at the referendum, and had therefore decided that confederation should be included as a third choice. The despatch further conveyed the decision that, as commission government had originally been established on a temporary basis, there must be some understanding, in the event of its continuance, as to the period in which the position would be again reviewed. The questions to be put before the people at the National Referendum were accordingly to be:

(a) Commission of Government for a further period of five years;

(b) Responsible Government as it existed in 1933 prior to the establishment of the Commission of Government.

(c) Confederation with Canada.

Should no one form of government get an absolute majority at the first vote, a second referendum was to be held, omitting the form of government which secured the smallest number of votes at the first referendum.

5. On 11th March, the day after the despatch was published in Newfoundland, the Canadian Prime Minister restated in the House of Commons the position of the Canadian Government as follows:

"The decision to include Confederation on the ballot having been taken by the United Kingdom Government, the outcome will be watched with deep interest by the people of Canada. The question as to their future form of government is of course for the people of Newfoundland alone to decide. Neither the Government nor the people of Canada would wish to influence in any way their decision. Should the people of Newfoundland express clearly their will that Newfoundland should enter the Confederation, I am sure that the people of Canada will welcome them as partners in a larger Canada. Should they decide otherwise, this decision, I am no less sure, will be received with understanding and respect by the people of Canada."

6. The referendum was held on 3rd June. There were some 177,000 qualified voters, and some 154,000 votes were cast as follows in round figures:

Responsible Government	69,000 (45%)
Confederation	63,000 (41%)
Commission Government for a further 5 years	22,000 (14%)

It thus emerged that a second vote would have to be taken, as between Confederation and Responsible Government. Assuming that the supporters of each system maintained their votes, the balance would be turned by the votes of those who had supported continuance of Commission Government.

7. Canadian opinion took this result very calmly, disappointment that confederation did not top the poll being tempered by relief at its good showing. The press was friendly and restrained, and did not castigate Newfoundlanders for not at once embracing confederation.

8. On 21st June Mr. St. Laurent made a further statement in the House of Commons to the effect that, if the second vote showed only a small majority for

confederation, the Canadian Parliament might take the view that it was not such a decisive majority as would require or justify the carrying out of the Canadian offer: he hoped, however, that there would be a clear-cut decision, and that the vote would not be so close as to leave Canada in the position of having to take in a large group of recalcitrants, or having to renounce the completion of what the fathers of Confederation originally intended. This statement was no doubt intended to encourage those in Newfoundland who had voted on the first round for commission government: if they did not want the return of responsible government, it was up to them to secure a decisive majority for confederation.

9. The expectation among official quarters in Ottawa was that the result would be very close, but that a narrow majority for responsible government was more likely than a narrow majority for confederation, though it was regarded as encouraging that several businessmen in St. John's, which was the core of the opposition to confederation, had, in the week before the second referendum, come out openly in favour of confederation, as had two of the three Newfoundland members of the Commission of Government. There were nevertheless serious doubts in the mind of the Canadian Government whether to proceed with Confederation if the majority in favour of it should prove to be very small. The Federal Government have for some time been at odds with the Provinces, particularly the most important ones, Ontario and Quebec, and they were alarmed at the prospect of taking in a new province which might prove to be not only a thorn in their flesh, an irritant in itself, but would also keep irritation alive among other provinces. They remembered that Nova Scotia, although one of the original partners in Confederation, had subsequently elected an anti-confederate government which had petitioned London for permission to secede. Then there had been two previous occasions when Newfoundland had rejected proposals for Confederation. Certainly the Canadian Government had reason to go carefully, and Mr. Mackenzie King himself is by nature nothing if not cautious. The caution felt by the Government found its way into the press, who summed up the situation in the words, "No shotgun wedding."

10. The second vote took place on 22nd July. Early reports on that and the following day indicated a majority for Confederation, and some statement by the Canadian Government was generally expected. A general election campaign was, however, in progress in the Province of Quebec, and any definitive announcement by the Federal Government either in favour of or against confederation might have resulted in the question becoming an election issue. The Federal Government were, therefore, resolved in any event not to announce their decision before the Quebec polling on 28th July, over and above their genuine desire to know just how large was the majority, before reaching their decision. On 23rd July, Mr. Mackenzie King issued a statement pointing out that, whilst initial reports indicated a substantial vote for Confederation, there had also been a substantial vote for responsible government. Until the final result was authoritatively known and had been considered by the Cabinet, he would refrain from further comment. On 28th July, he issued a further interim statement that it would seem from the results thus far reported that there would be a substantial majority in favour of confederation, but that a statement on behalf of the Gov-

ernment of Canada could not be made until official notification of the final result had been received, which might be a matter of a few days. This statement was clearly designed to prepare the public for a Government decision to proceed with confederation.

11. It had in fact become plain that there was a majority of at least 6,000 in favour of confederation. The results officially communicated by the Governor of Newfoundland to the Canadian Government on 29th July were as follows:

Registered voters (approx.)	176,000
Votes cast (approx.)	150,000
For Confederation	77,869
For Responsible Government	71,464
Uncounted	500

The final and corrected figures communicated by the Governor on 5th August were:

For Confederation	78,451
For Responsible Government	71,217

Thus 85 per cent. of the qualified voters cast their vote, and of those who voted, 52 per cent. were in favour of Confederation.

12. In the week between the Newfoundland vote and the Quebec election, the Canadian Government, in order to satisfy themselves that, if Canada agreed to proceed with confederation, its opponents in Newfoundland would not make undue difficulties, sent an official of the Department of External Affairs to St. John's to consult with the Newfoundland authorities and to make a first-hand report on the state of feeling in Newfoundland. On the strength of the voting returns and this official's report, the Cabinet decided, as soon as the Quebec election was out of the way, to proceed with Confederation. There was close confidential consultation between London, Ottawa and St. John's about the content and timing of the statements to be issued by the respective Governments. The only point of difficulty with the Canadian Government was the inclusion in their statement of a passage stating that the United Kingdom Government who were responsible for the administration of Newfoundland, were, in view of the result of the referendum, in agreement with the entry of Newfoundland into Confederation. The United Kingdom Government attached importance to their own position being made clear, but the Canadian authorities, who had previously been so anxious to leave to the United Kingdom Government the sole responsibility for deciding on the questions to be put to the vote, now, in the light of the vote, preferred to treat the question of confederation as one lying primarily between Newfoundland and Canada. They also wished to avoid any implication that the future of Newfoundland had been settled between Canada and the United Kingdom behind the backs of the Newfoundlanders. Ultimately the point was referred to Mr. Mackenzie King, who readily agreed to the inclusion of the passage desired by the United Kingdom Government. It had been planned that statements by all three Governments should be issued simultaneously for publication in the morning newspapers of all three capitals on 31st July. The statement of the United Kingdom Government, however, which was given to the news agencies in London on the evening of 30th July, with a request not to publish or broadcast it

before the morning newspapers of 31st July, was telegraphed at once by a press agency, and reached Ottawa, where the time is five hours behind London, in the afternoon of 30th July. It was broadcast at the same time from the United States. As the United Kingdom statement referred to an important decision of the Canadian Government, the latter were naturally incensed that news of their own decision should reach the people of Canada first in messages from England and the United States, and the Prime Minister had no option but to issue his own statement forthwith on the evening of 30th July. The text is enclosed.

13. So far as can be judged from the press, the result of the second vote and the Federal Government's decision have been welcomed throughout Canada, both as fulfilling the original intention of the founders of the Confederation, and on practical strategic grounds. The British North America Act, 1867, contains provision for the entry of Newfoundland into the Confederation, if both Newfoundland and Canada so desire, and, as was recognised in the past war, the defence of Newfoundland is an integral part of the defence of Canada. Some nervousness had developed in Canada at reports of a movement in Newfoundland for union with the United States, which already has several leased bases there. The future of the United States bases in Newfoundland has in fact occasioned some speculation in the press, and reports that the Canadian Government have informed the United States Government that the latter may continue to operate their bases after confederation. The Department of External Affairs have issued a denial that the subject has been discussed. There is no doubt that the Canadian Government themselves are pleased both that the second vote went the way that it did, and that the majority was clear enough to relieve them of an embarrassing choice between proceeding with confederation on what might be claimed to be insufficient justification, or spurning the will of the majority of Newfoundlanders. The Canadian Government were throughout most scrupulous to refrain from any statement or action that could be interpreted as an attempt to bring pressure to bear on Newfoundland, and more than once were at pains to repudiate any desire to do so. Accordingly the result is all the more gratifying to them.

14. The next step is for a delegation of authorised representatives of Newfoundland to visit Ottawa to negotiate the final terms of union, and on 5th August the composition of a seven-man delegation for the purpose was published by the Governor. They are expected in Ottawa in September.

15. In the meantime, two members appointed to the Delegation, Mr. J. R. Smallwood and Mr. F. G. Bradley, who were prominent in the confederation movement, visited Ottawa at the beginning of August to attend the National Liberal Convention as observers. They received a rousing welcome. Since then, the Cooperative Commonwealth Federation have held their National Convention at Winnipeg, and among the resolutions passed was one in favour of extending the party organisation to Newfoundland.

16. After the final terms of union have been settled, legislative action on the part of both the Canadian Parliament and the United Kingdom Parliament will be necessary, and, as the Canadian Parliament is not expected to meet again until early in 1949, the date for confederation to take effect clearly cannot be earlier than the spring of 1949. The date most frequently mentioned by Canadian

newspapers is 1st July, 1949, which is the anniversary date of the original Confederation in 1867. Confidential consultation between the Canadian and United Kingdom Governments has set the 1st April, 1949, as the provisional date at which to aim, and the Canadian Government have now let it be publicly known that, in their opinion, it will not be practicable to effect union before this date.

17. I am sending copies of this despatch to the Governor of Newfoundland, to the United Kingdom Representatives in other Commonwealth countries, and to His Majesty's United Kingdom Ambassador in Washington.

I have etc.

P. A. CLUTTERBUCK

817. 2828-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 444 St. John's, August 28, 1948

CONFIDENTIAL

Sir,

You will recall that the Responsible Government League was formed in July of last year. Its expressed aim was to work for the return of Responsible Government to Newfoundland. It appears that the League intends to continue in being for an indefinite period. In this connection it will be recalled that one of the contentions of the League has been that Newfoundland should not join another country except by restoring Responsible Government first.

2. Wednesday's press reported that at a "general meeting" of the League held on August 24th, officers "for the ensuing year" were elected. Major F. W. Marshall, M.B.E., was elected President in place of Mr. F. M. O'Leary, O.B.E., and the Honourable J. S. Currie was elected Vice-President replacing Mr. J. T. Cheeseman. The Treasurer, Mr. J. P. O'Driscoll, and the Secretary, Mr. W. L. Collins, were continued in office.

3. Major Marshall, the new President of the League, is, like the retiring President, Mr. O'Leary, a man who has earned the respect of his fellow citizens but not a man capable of strong political leadership. He is President of the Great War Veterans Association, and some years ago he was a moving spirit in the circulation of a petition asking the British Government to increase the pensions paid to Newfoundland veterans of the First Great War.

4. The Honourable J. S. Currie is editor and part owner of the St. John's *Daily News*. Like the retiring Vice-President, Mr. Cheeseman, he is a man unlikely to assert any positive influence on executive matters. He has been reported to have been out of sympathy with the present policy and tactics of the Responsible Government League, but it appears that he is still prepared to lend his sup-

port to the League's activities. In this connection it may also be observed that the *Daily News* is still taking a very recalcitrant line.

5. The press reports that the Executive of the Responsible Government League has decided to circulate a petition "dealing with the circumstances of the Referendum." It is said that this petition "will be presented to the Bar of the House of Commons in London in the interests of the people who signed it."

I have etc.

PAUL A. BRIDLE

818. 2828-40

Le haut commissaire par intérim à Terre-Neuve au chef, la direction de l'information

Acting High Commissioner in Newfoundland to Head, Information Division

St. John's, August 28, 1948

Dear Saul [Rae],

I had thought until recently that the Canadian press had been fairly sensible in its treatment of Newfoundland since the decision to proceed with Confederation. Indeed, I had formed the impression from the few editorials and articles which I have seen that the prevailing sentiment was one of respect and goodwill. The occasional piece which struck a less harmonious note seemed fundamentally unobjectionable — for example, a rather hard-boiled *Financial Post* article which warned Newfoundland against expecting better terms at a later date, and a supposedly humorous piece in the *Montreal Star* which made jokes about bad politics in Newfoundland and in Canada.

It now appears that some of our more irresponsible journalists are muddying the waters. Last Thursday the bitter anti-Confederate columnist "Wayfarer" was able to quote verbatim in the St. John's *Daily News* a distinctly unpleasant article from *Hush*. I attach a copy of the article in question.[†]

The Newfoundland counterpart of *Hush*, the St. John's *Sunday Herald*, comes out this week-end with an article entitled "New Insults for Newfoundland" a copy of which is enclosed.[†] The item alleges that a series of insulting articles appeared this week, written by Canadian and American journalists who visited St. John's recently. The article quotes two passages (allegedly written by two separate writers, one at least of whom is said to be a Canadian) which are distinctly insulting to Corner Brook and St. John's respectively.

The article also says that the editor of a well-known magazine visited St. John's three weeks ago and that the *Sunday Herald* has learned that the first of a series of articles written by her "will appear, ridiculing St. John's society, poking fun at certain of our society leaders and in general having a good laugh at our expense."

The article concludes with the following exhortation:

"It is certainly about time we Newfoundlanders woke up to the fact that most of these foreign writers are here only to write anti-Nfld. stories, and time we stopped falling all over ourselves to give them more and more opportunities to laugh at us.

We do not say there is nothing in Nfld. to complain of, but we have yet to see any article in a Canadian paper that plays up the good points of this country. When we Newfoundlanders stop regarding every foreigner who comes here as something super-special, then maybe they will show more respect in the articles they write. In the meantime, this week millions of readers are reading anti-Newfoundland stories and laughing at the more 'backward natives in that slum-ridden island'."

The St. John's *Sunday Herald* is notoriously unreliable. You will notice that the article in question fails to attribute its quotations to any specific newspaper or magazine and that it does not mention the writers of the articles in question by name. I would appreciate your taking steps to determine, if at all possible, whether the passages quoted in the article have in fact appeared in any Canadian newspaper or magazine.

The only Canadian journalists whom I know were in St. John's during the post-referendum period, were Mr. Ross Munro of the Southam Press, Mr. Dave McIntosh of the Canadian Press, a reporter from the *Toronto Star*, and Miss Eva-Lis Wurio of *Maclean's* magazine. Mr. Munro and Miss Wurio were the only Canadian journalists who called on me. I was able to be of some assistance to both of them and I must say they impressed me as intelligent writers who desired to do a fair and well-balanced type of reporting.

Miss Wurio is the "editor of a well-known Canadian magazine" referred to in the enclosed article. She was interviewed on a local radio programme shortly before she left St. John's and did a very good public relations job. Although I know that she personally found some of St. John's society leaders rather amusing, I would be rather surprised if she would allow anything like ridicule to creep into her articles.

Yours sincerely,

PAUL [BRIDLE]

819. 2828-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 185 St. John's, August 30, 1948

This morning's *Daily News* carries a news item which states that on Thursday next the Responsible Government League will hold a public meeting in the C.L.B. Armoury in St. John's and that at this meeting the petition to be circu-

lated by the League will be presented to local citizens. There will be speakers at the meeting whose names are to be released later.

2. At the conclusion of the meeting those present will be given an opportunity of signing a petition, the news item states. It appears that the petition has now been drafted in final form and that a copy of it is to be published in tomorrow's newspapers.

3. The news item comments that the Responsible Government League "feels that many people who voted for Confederation will sign the petition for they will have realized by now that the methods used to bring about the entry of Newfoundland into the Dominion of Canada were unconstitutional and not in the best interests of the country."

4. The news item states that in the electoral districts of St. John's East and West Committees will be formed to carry out house-to-house canvassing and that a petition headquarters is to be established in the city. It will be open between 9:30 a.m. and 11 p.m. beginning next Wednesday in order to facilitate the taking of signatures.

820. 2828-40

Extraits d'une dépêche du haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Extracts from Despatch from Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 478 St. John's, September 8, 1948

CONFIDENTIAL

Sir,

I have the honour to refer to my despatch No. 444 of August 28th regarding the present activities of the Responsible Government League.[. . .]

2. From time to time since the Government's decision regarding Newfoundland was announced on July 30th, I have reported informally on the way in which the people of Newfoundland appear to have reacted to that decision. There can be no question that among the majority of the people the reaction has been favourable. Not only those who voted for Confederation, but also a considerable number of those who voted against it, welcomed the Prime Minister's statement and derived satisfaction from the decision to proceed with what they regard as the best solution of their country's political problem.

3. The initial reaction was in many cases dramatic. There were reports from a number of widely scattered settlements of demonstrations of pleasure which lasted far into the night and which, in some cases, continued during the following day. In the traditional manner flags were flown, bells were rung and guns were fired and parades and mass meetings were held. In one community a sizable charge of dynamite was set off as a token of victory.

4. No such public demonstrations were witnessed in the strongholds of Responsible Government. Here in St. John's for example, although there was rejoicing in private in certain circles, the news was a heavy blow to those who had worked for the restoration of self-government. The decision to proceed had, however, been subconsciously expected in most quarters and, broadly speaking, Confederation was regarded as settled, even by those who did not welcome it. There were no demonstrations or disorders of any kind, and the life of the people both in work and in play proceeded as usual without upset or interruption here and in other parts of the Island.

5. A handful of die-hard advocates of autonomy in St. John's continued to assert their determination to oppose Confederation to the end, but the attitude of the majority of those who had voted for Responsible Government was about what one might have expected after a spirited political struggle in which opposing views had been strongly contested. Among Roman Catholics there was some resentment of the outcome, an attitude which seemed to be compounded largely of hurt pride and the general outlook of the particular brand of Irish Catholicism which is indigenous to this country. At the same time, I received reliable reports to the effect that some Roman Catholics in many parts of the Island were glad that Confederation had won even though they had voted against it.

6. I do not know what the attitude of the Roman Catholic clergy has been in recent weeks. The following excerpt from an editorial which appeared in the July-August issue of *The Monitor* may, however, throw some light on the attitude adopted by the Archbishop of St. John's shortly after the referendum. It will be recalled that *The Monitor* is the official organ of the St. John's Archdiocese. The editorial stated:

"The referendum about which we have been hearing and reading so much in recent months is over. *The Monitor* has taken the position from the beginning that, irrespective of the merits or demerits of Confederation, the matter was one to be decided by negotiation between the Parliament of Newfoundland and the Parliament of Canada, in accordance with the provisions of the British North America Act. From that position we do not recede. Further comment is unnecessary and perhaps undesirable."

7. The editorial concluded by quoting at length from an editorial which appeared in the St. John's *Daily News* on the day following the referendum vote. The gist of this editorial was that making Confederation an issue in the referendum has resulted in internal conflicts being set up in Newfoundland along class, sectarian and regional lines which will be difficult to allay, particularly in the event of Confederation winning by a narrow majority. The editorial asserts that Newfoundland "faces the future with greater need for the application of Government to problems in human relations than to questions of finance and economics," and concludes with the words, "Pray God that all will be well and the fears engendered by the events of the recent past will be directed through the overwhelming desire of the great majority to give the well-being of their country the first and foremost place in their thoughts."

8. While some Newfoundland businessmen welcomed Confederation, there was a good deal of soreness about the result on "Water Street" a reaction which

is not unnatural in view of the fact that the political change will bring about a mild economic revolution in the country and alter the traditional context of commercial life. At the same time there has been a widespread disposition among business people to examine their prospects realistically and to seek to understand the new conditions under which they will be operating when Newfoundland becomes the tenth province. Coupled with this there has been curiosity, and some anxiety, regarding the way in which particular problems of the transition period are to be met.

9. The two or three smaller outport weeklies accepted the Confederation decision without special comment. The Corner Brook *Western Star*, published on the West Coast, said nothing to indicate deviation from the attitude of constructive acceptance I have already reported and on the whole seemed to desire to engage in public discussion of non-political matters. Its only important divergence from this attitude was to comment adversely on the omission of a labour representative from the Ottawa delegation, a development I have already reported, and to remark somewhat wryly that it is the West Coast's own fault that a representative from that area was not included. The Grand Falls *Advertiser* continued, as before the referendum, to pursue an extremely recalcitrant line, to which no great significance should be attached since its editor is said to write under the influence of a strong personal bias.

10. In St. John's, the *Sunday Herald* and *Daily News* pursued substantially the same line as that already reported in my despatch No. 386 of August 3rd. The *Sunday Herald* retailed unpleasant gossip about Confederation in much the same manner that it distorts any subject in which it feels the public is interested. The *Daily News* continued to print column after column in an endeavour to raise apprehension regarding the probable effect of Confederation on the life of the Newfoundland people but did not deviate materially from its original position of grudging acceptance of the inevitability of Newfoundland becoming a province of Canada.

11. The St. John's *Evening Telegram* devoted less space to the political question than it had before the referendum but periodically published editorials and articles of a constructive character looking to the satisfactory implementation of the will of the people as expressed at the polls. In this connection, I would like to refer particularly to an editorial which appeared shortly after the Ottawa delegation was appointed. It urged the members of the delegation to work together and "to put aside all prejudices and in free, frank and courteous discussion with the representatives of the Government of Canada, to strive to reach as favourable an agreement as possible." The editorial stated, "The terms under which Newfoundland is admitted are unlikely to deviate in any important particulars from those which apply to the family as a whole. At the same time, there are certain problems which are peculiar to this country, and these will no doubt be brought to the attention of the Federal authorities during the discussions." It concluded with the following paragraph:

"There seems to be little question that Canada is prepared cordially to welcome the entry of Newfoundland, thereby consolidating, as had been anticipated in the 1867 Act, the whole of British North America as a single political entity

within the British Family of Nations. In the performance of the task entrusted to the Newfoundland delegation and in the desire of the Canadian Government to reach with them an agreement that will prove of mutual accord and benefit, this paper finds no grounds for gloomy fears or melancholy forebodings, and it wishes the delegates every success in their mission."

12. Until the Ottawa delegation commenced its meetings in St. John's on August 28th, the general position was little different from that described at the outset of this despatch. There was an area of dissidence in and around St. John's which those still opposed to Confederation made it their business to nurture as much as they could; the country at large, however, showed no signs of being unsettled or dissatisfied with the course of events. That is still fundamentally the position today, but there are indications that those who are endeavouring to sow the seeds of doubt are beginning, in the absence of any arresting developments in the direction of bringing Confederation about, to exert an undesirable influence on the thinking of the average person. You will recall that I suggested the possibility of this development in an informal report to Ottawa on August 17th,† and that shortly thereafter you arranged for the recent visit of Government officials to St. John's.[108]

13. This visit has, I think, been most useful. The situation, however, still requires continuing attention. For the past ten days or so, the St. John's *Daily News* has been taking an even stronger editorial line than heretofore. It not only disparages Confederation in every way possible and makes dark predictions about the disillusionment and consequent discontent which wait upon the Newfoundland people; it also raises specific issues for the consideration of the delegation which are outside all bounds of reasonable expectation and, at the same time, endeavours to play upon whatever differences may still exist in the outlook of the members of the delegation in an effort to divert them from the main purpose in hand. Similar efforts are no doubt being made privately by a few people who are of the same conviction as the *Daily News*, and the *Sunday Herald* and the Grand Falls *Advertiser* continue to lend their support.

14. As I reported in my despatch under reference, the Responsible Government League elected a new President and Vice-President on August 24th and announced its intention of circulating a petition[. . .]. The petition was launched at a public meeting held by the League in the C.L.B. Armoury here last Thursday and signatures are now being obtained in St. John's and in selected places in other parts of the Island. The meeting at which the petition was launched was broadcast over a local radio station and was addressed by six speakers. Among those who spoke, the only ones who possess any real standing in the community are the Honourable J. S. Currie, publisher of the *Daily News* and newly elected Vice-President of the Responsible Government League, and Major F. W. Marshall, newly elected President of the League.

. . .

16. [. . .][Major Cashin] made a passing reference to the officials who were then on their way from Ottawa, claiming that the Canadian Government had

[108]Voir le document 694.

[108]See Document 694.

sent them because they are afraid of the effects of the petition, and to Mr. MacKay in particular, whom he described as an official with whose visits Newfoundlanders are becoming all too familiar. He also referred briefly to the appointment of Mr. Burchell as High Commissioner, which had just been announced, asserting that Mr. Burchell is coming to Newfoundland to complete the work he "began" when he was here before.

17. In this connection I am happy to be able to report that, except for a semi-humorous reference by "Wayfarer" in the *Daily News* to Mr. MacKay and Mr. Sharp as "undertaker's assistants," the press gave the visit of our officials only routine and entirely polite attention, and that the only newspaper comment on Mr. Burchell's appointment which has so far appeared has been most complimentary. I refer to the editorial which appeared in the *Evening Telegram* on September 2nd, a copy of which I sent you under cover of my despatch No. 467 of September 4th.[†]

18. It is clear that none of the more responsible men who advocated Responsible Government during the referendum campaign wish to be associated with the League's present activities. Mr. Charles E. Hunt, who has been the League's most distinguished member, takes no part in the work of its Executive. Neither he nor Mr. C. C. Pratt, Mr. R. B. Job nor Mr. Gordon Higgins (to name the most prominent of those who supported Responsible Government publicly) have come out with any sort of statement on the political situation since the vote was taken. Mr. Crosbie's attitude is already well known to you and, in any case, he is a member of the Ottawa delegation. The League as presently constituted, therefore, cannot be regarded as a body which has any claim to a respectful hearing. Indeed, it may be said with some truth that its continuing activity may partly be traced to the fact that it can find funds with which to employ such otherwise mobile individuals as Major Cashin and Mr. Malcolm Hollett. The *Daily News*, its associated weekly, the *Observer's Weekly*, and the Grand Falls *Advertiser* are the only newspapers supporting the League at the present time.

19. At the same time, the combined effect of the League's activities, of the *Daily News*'s more recent editorials and of the sort of talk in which the few who continue to hope against hope for Responsible Government probably indulge, is to create a mental atmosphere in certain circles, chiefly in and around St. John's, which does Confederation no good. This mental atmosphere, which is by no means widespread so far, is compounded of two main elements. On the one hand, there has begun to be a vague sort of feeling in certain quarters that perhaps it has not yet been finally decided that Confederation is to take place.[. . .] On the other hand, there is a growing idea among certain people that Canada should considerably improve on the present terms.

20. In the main, these ideas are artificially created by a few determined propagandists. They can fall on fertile ground because during the recent campaign Responsible Government spokesmen spread many misleading conceptions of the effect of Confederation which still persist among some of the less well-educated people. Also, they articulate — even though in an exaggerated form — the genuine desire of many of the more thoughtful people and of those who have a "stake" in the country to ensure that Newfoundland's special problems, particu-

larly of an economic character, will receive considerate treatment, and to have clearly in view, when Newfoundland starts out as a province, a practicable basis on which to secure adequate provincial revenues.

21. I might remark here in passing on the present attitude of the Commission of Government. Since they must continue to administer Newfoundland until the change-over takes place and since they, rather than a government responsible to elected representatives, will carry out the final act of union so far as Newfoundland is concerned, they desire to avoid as far as possible the appearance of partisanship at the present time. They are probably the more inclined to adopt this attitude because of the present activities of the Responsible Government League and the nature of its leadership. People like Major Cashin are quite capable of making trouble if they consider it would serve their ends and the Commission has had a long experience of abuse at their hands.[. . .] In addition, as I have reported, the Commission of Government is doubtless anxious to do what it can to ensure that Newfoundland gets off to as good a start as possible as a province. When all this has been said, however, there would nevertheless appear to be no question that the Government regards its obligation to play its part in ensuring that the will of the people as expressed in the referendum is carried out as its paramount duty in the political field. It is also my impression that by and large Government officials whatever their own political outlook has been, are prepared — and in some cases anxious — to get on with the job of implementing Confederation as quickly as possible.

22. I would suggest that nothing we can do at the moment would tend more to allay the feelings of uncertainty and anxiety which are beginning to be noticeable in certain quarters here than a series of positive steps to bring actual Confederation into effect. Further visits of Canadian officials to explore the administrative set-up here would, I think, be desirable,[109] and it would have a settling effect if a definite date for the commencement of the Ottawa negotiations were known as soon as possible. At the same time there is a need for progressive distribution in a

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[109]Pendant les prochains mois, de plus en plus de fonctionnaires canadiens visitèrent Terre-Neuve soit pour conseiller les commerçants et d'autres groupes quant aux ajustements qui seraient nécessaires après l'union ou pour préparer l'établissement des services fédéraux. De même, des fonctionnaires terre-neuviens se rendirent à Ottawa pour aider la délégation ou pour se familiariser avec les fonctions qu'ils auraient à remplir dans la fonction publique fédérale ou provinciale. Bien entendu, le nombre de visites des deux groupes augmenta considérablement après la signature des Conditions de l'union.

[109]During the succeeding months, a steadily increasing number of Canadian officials visited Newfoundland either to advise businessmen and others on the adjustments which would be necessary after union or to lay the groundwork for the establishment of federal services. Meanwhile, Newfoundland officials visited Ottawa in order to assist the delegation or to familiarize themselves with the new functions they would have to perform as members of the federal or provincial public services. Of course, the number of visits by both groups increased substantially once the Terms of Union were signed.

proper and tactful manner of information about the effects of Confederation, which many people here genuinely desire.[110]

23. Generally speaking there would appear to be two main avenues open to us. The first is to make certain that both during the pre-Confederation period and in the early days of Union itself there is a minimum of economic dislocation. The second is to seek an opportunity to make a strong gesture of leadership. Just how and when this might be done remains obscure but I have the feeling that Newfoundlanders at the moment are a little like sheep without a shepherd. If in some way — or perhaps over a long period in a number of small ways — it can be brought home to them that the Canadian people and the Canadian Government welcome them, desire their welfare and above all respect them we will do much to ensure that Newfoundlanders as a whole become good Canadians. Perhaps the coming negotiations will provide the greatest single opportunity to do this sort of thing.

. . .

I have etc.

PAUL A. BRIDLE

821. 2828-40

Le haut commissaire en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

High Commissioner in Great Britain to Secretary of State for External Affairs

[110]Le travail le plus efficace dans ce domaine fut accompli plus tard par le bureau du délégué commercial et les fonctionnaires des ministères fédéraux comme Revenu national et Finances qui établissèrent des bureaux à St. John's afin de conseiller les commerçants terre-neuviens. Mais déjà, peu après que cette dépêche fut envoyée, les ministères du Commerce et des Affaires extérieures ainsi que Radio-Canada, l'Office national du film et la Galerie nationale commencèrent à préparer des programmes spéciaux qui visaient à aider les Terre-Neuviens et les Canadiens à mieux se connaître. Les seuls résultats concrets dans la période avant l'union furent une modeste augmentation du contenu canadien aux émissions de radio à Terre-Neuve et la préparation de films et d'une brochure illustrée sur Terre-Neuve.

[110]The most effective work of this kind was done at a later stage by the Trade Commissioner's Office and by officials of federal departments such as National Revenue and Finance which set up offices in St. John's in order to advise Newfoundland businessmen. However, shortly after the despatch was sent, the Departments of Trade and Commerce and of External Affairs as well as the Canadian Broadcasting Corporation, the National Film Board and the National Gallery began to prepare special programmes designed to help Newfoundlanders and Canadians know one another better. The only concrete results in the period before union were a modest increase in the Canadian content of Newfoundland radio programmes and the preparation of films and an illustrated booklet about Newfoundland.

DESPATCH 1736 London, September 10, 1948

Sir,

With reference to my telegram No. 1558 of September 9th† regarding union with Newfoundland, I enclose herewith copies of the letter from A. P. Herbert, M.P. which appeared in *The Times* of September 9th.

I have etc.

M. H. WERSHOF
for the High Commissioner

[PIÈCE JOINTE/ENCLOSURE]

Extraits de The Times du 9 septembre 1948

Extracts from The Times of September 9, 1948

. . .

NEWFOUNDLAND'S FUTURE
SELF-GOVERNMENT OR UNION WITH CANADA
TO THE EDITOR OF THE TIMES

Sir,

I may be in South America when the affairs of Newfoundland come up in Parliament again; so may I say a few things in your paper now? The Responsible Government League of Newfoundland, claiming to represent 48 per cent of the voters at the recent referendum, have sent a memorandum to every member of Parliament; and I hope that many of my colleagues may agree with me that the league make a clear and compelling case.

That case, briefly, is (a) that the entry of Newfoundland into the Canadian Union should not be considered until after the election of a Newfoundland Parliament and Government, having full power to speak and negotiate for the island; and (b) that we of the United Kingdom shall be acting unconstitutionally, and unwisely, if we lend ourselves to any other course.[. . .]

. . .

I myself suggested (in my report of 1943) the procedure which has been employed — a national convention followed by a popular poll on alternative forms of government; and I do not wish to quarrel with it now. But I certainly never thought that a majority of 6,000 in a poll of 148,000 (out of 176,000 registered voters) would be considered sufficient to deprive a Dominion of her independence without more ado. Only 44 per cent of the registered voters voted for confederation; yet the thing is supposed to be settled. No man would press for the amalgamation of Hammersmith and Chiswick after such a vote. By all good precedent and practice at least a two-thirds majority should surely be required to decide so great a change in the life of any community, if a popular poll is to be considered sufficient.

There could be a Newfoundland Legislature (as required by the [British] North America Act) very soon. We have only to repeal the Newfoundland Act of

1933, and restore self-government to the island, as we said we would. The Newfoundlanders can then choose their own Legislature and Government, and through them their future. The point, I feel, is not constitutional only, but practical. A self-governing Newfoundland could negotiate, in the true sense, with her mighty neighbour. Though elected, maybe, to pursue confederation in principle, a Government could still draw back if the terms were not acceptable, and resign. How can the island spokesmen negotiate with any force if their brief is: "Whatever you say, the thing is settled — by Whitehall. Do the best you can."

. . .

I do not wish to seem unfriendly to the great and generous Dominion of Canada. It may well be that in the end the little island will find a happy home in that spacious bosom. But in 1943, certainly, Canada did not want Newfoundland. She wanted only that large part of Labrador which is owned by Newfoundland. Labrador, properly developed, may one day go far to solve Newfoundland's financial problems; but we do nothing about it, Newfoundland cannot afford to, and none can blame Canada for wanting to get on with the job. But I am thinking of the human beings who live in Newfoundland. I have an uneasy feeling that we may be going to give them away, so to speak, with a pound of Labrador. They are, like us, small islanders, intensely British. Canada is at home in the great American continent: they are not. If we could have been a little warmer, held out any hope of help (the dollar difficulty is great I know), I am quite sure that there would have been a strong majority for responsible government. Then there is the "Northern Ireland" solution; but Whitehall will have none of it. They are determined to be rid of our oldest baby.

They may turn out to be right in the end. But let right prevail, if it is right, in the right way. By all means let the free people of Newfoundland, through their own elected men, arrange, if they will, to join forces with the big sister at their side. But let not anyone be able to say: "A Dominion is dead. It was killed by the Dominions Office." Because of dollars we have had to be rather shabby; let us not be more shabby than we need.

I am etc.

A. P. HERBERT

. . .

822. 2828-40

Extraits d'une dépêche du haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Extracts from Despatch from Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 502 St. John's, September 13, 1948

RESTRICTED

Sir,

. . .

2. I enclose copies of an excerpt from the *Newfoundland Gazette* of August 31st, 1948,† which contains the official report of the Chief Electoral Officer relating to the first and second polls in the National Referendum. The official report on the second poll shows that Confederation received 78,323 votes and Responsible Government 71,334 votes, giving Confederation a majority of 6,989.[. . .]

3. It will be noted that in the final result Confederation received 52.34% of the votes and Responsible Government 47.66%.

. . .

5. It will be noted that the percentage of the total registered electors shown as voting is 84.89%. Of a total registered electorate of 176,297 the total number of persons voting was 149,657.

I have etc.

PAUL A. BRIDLE

823. 2828-40

Extraits d'une dépêche du haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Extracts from Despatch from High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 520 St. John's, September 17, 1948

CONFIDENTIAL

Sir,

I have the honour to enclose copies of clippings from the St. John's *Daily News* of September 13th† which contain the text of a memorandum which has been prepared by the Responsible Government League. It is signed by W. L. Collins, Secretary of the League. I understand that this is the memorandum which the League hopes to present to the British House of Commons when submitting its petition[. . .].

2. The memorandum is a lengthy document containing a miscellaneous assortment of arguments in support of the League's contention that the incorporation of Newfoundland as a province of Canada under present circumstances would work an injustice. It is stated that the memorandum is submitted on behalf of the 71,000 people who voted for Responsible Government in the recent referendum.

. . .

10. I have no reliable information as to what progress the petition may be making in parts of the Island outside of St. John's. The League claims to have secured a substantial number of signatures in certain districts and I understand that the districts referred to are such districts as Ferryland and Placentia-St. Mary's which voted very solidly for Responsible Government in the referendum. The Commercial Secretary, who has recently returned from a trip to the West Coast, tells me that so far as he was able to observe the petition has not aroused a great deal of interest in that area.

I have etc.

C. J. BURCHELL

824. DF/Vol. 782

Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Great Britain to Secretary of State for External Affairs

DESPATCH 1842 London, September 25, 1948

Sir,

With reference to my despatch No. 1785 of 17th September,[†] regarding union with Newfoundland, the following are extracts from the Debates in the House of Commons on September 22nd and 23rd:

SEPTEMBER 22ND:

MR. GAMMANS asked the Secretary of State for Commonwealth Relations whether he is aware that by the North America Act, 1867, Newfoundland cannot be included in the Canadian Union except on an Address from the Newfoundland Legislature which does not now exist; and what action is proposed in these circumstances.

MR. P. NOEL-BAKER: I am aware of the position under the British North America Act, 1867, to which the hon. Member refers. Legislation will at a later stage be required to provide for the entry of Newfoundland into the Canadian Confederation. The precise form which this legislation should take is still under consideration.

MR. GAMMANS asked the Secretary of State for Commonwealth Relations whether he is aware that at the recent referendum in Newfoundland, on an 84 per cent poll, only 52 per cent voted for confederation with Canada; and whether upon this inconclusive authority it is proposed to proceed with the scheme for confederation.

MR. P. NOEL-BAKER: His Majesty's Government in the United Kingdom gave close consideration to the result of the recent referendum in Newfoundland as soon as this was known. When the readiness of the Canadian Government to proceed with Confederation was announced in a statement by the Prime Minister of Canada on 30th July, the United Kingdom Government expressed their agree-

ment with this course. I cannot accept the view that the authority for this course expressed by the people of Newfoundland in the referendum was inconclusive.

SEPTEMBER 23RD:

MR. SYMONDS asked the Secretary of State for Commonwealth Relations what action is being taken to ensure that all interests are adequately represented in the negotiations before a final decision is made as regards the confederation of Newfoundland with Canada.

MR. P. NOEL-BAKER: After the recent referendum in Newfoundland, the Governor appointed a delegation of seven to meet the Canadian Government and to settle the final terms of union between the two countries. The leader of the delegation is Mr. A. J. Walsh, the Vice-Chairman of the Commission of Government; he and his colleagues will leave for Ottawa early in October. I am satisfied that the members of the delegation will fully represent the general interests of Newfoundland. Individuals and organizations in the Island who may wish to do so have been invited to submit their views.

I have etc.

M. H. WERSHOF
for Acting High Commissioner

825. DF/Vol. 782

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 611 St. John's, October 6, 1948

Sir,

I have the honour to enclose copies of clippings† from the St. John's *Daily News* of September 27th and October 2nd and 5th, the St. John's *Evening Telegram* of October 4th, the October 3rd issue of the St. John's *Sunday Herald* and the Corner Brook *Western Star* of October 1st. These clippings contain editorial comments relating to the departure of the Newfoundland delegation for Ottawa.

2. You will note that only one outport newspaper is represented in this collection of clippings. The opinions expressed cannot therefore be taken as more than partially representative of the outlook of people in various sections of the country. Subject to this qualification they are, however, of interest as giving some insight into the way in which the editorial writers in the main newspapers view the delegation's work.

3. The St. John's *Daily News* says that the circumstances of the negotiations circumscribe the efforts of the delegation but that nevertheless there are certain minimum requirements without which Newfoundland's economy cannot prosper and its social services cannot expand. It asserts that it will be the delegation's duty to agree to nothing less than these minimum requirements.

4. The newspaper mentions the following as being among the points which it will be important for the delegation to discuss and settle to the satisfaction of Newfoundland interests: The provision of adequate revenues for Newfoundland as a Province without the imposition of "a new and onerous body of taxation;" the preservation of the Newfoundland fishing industry "by either the continued acquisition of convertible sterling as the price of fish sold to Europe or some substitute method which will be no less effective;" the solution of the problem of duplicate taxation in the first year of Union; the adjusting of difficulties to be faced by importers of United States goods; the adjustment of freight rates "to equalize the costs of sea and rail transport;" along with many smaller problems arising out of the transfer of many administrative services to the control of the Federal Government.

5. Regarding the general nature of the negotiations the *Daily News* remarks "In theory the question of Confederation is still a matter of principle rather than fact. Terms have first to be made the subject of agreement between the Newfoundland and Canadian delegations. Thereafter the Parliament of Canada must ratify them, a privilege which is denied to Newfoundland whose fate is therefore in the hands of its delegates and may depend on their wisdom, discretion, determination and objectivity."

6. The *Daily News* also declares editorially that "If the people of this country are not to have an opportunity of ratifying the final agreement, it seems essential that they should, at the earliest moment that is appropriate, be informed of the case that is being put forward in their behalf." It adds "In the meanwhile the big question remains unanswered. What would happen if requests which the delegation or some of its members were to regard as of vital importance should be rejected by the Canadian Government?"

7. The St. John's *Evening Telegram* says that the public have reason to feel that the interest of Newfoundland may with confidence be entrusted to the delegation and their advisers. It deplores the publication of the Responsible Government League's "Open Letter to the Delegation" (copy of which I sent you under cover of my despatch No. 570 of October 2nd).† It declares that it is time to cry shame on such attempts "on no justifiable grounds whatever" to create in the public mind mistrust of fellow-countrymen who are proceeding on the mission to Ottawa. The newspaper asserts that it feels assured that many of the members of the Responsible Government League are not identified with the Open Letter.

8. The *Evening Telegram* says that the delegation, in fact, represent no political faction but rather represent Newfoundland. The editorial concludes with the statement "Their task is not easy and what they are surely entitled to expect from their fellow-countrymen are sympathy with them in their undertaking and prayers that their work will be crowned with success. This is not the time for a display of rank partisanship. It is a time when all should be working with all honesty and sincerity of purpose for the welfare of the State."

9. The St. John's *Sunday Herald* argued editorially on October 3rd:

"These seven are being entrusted to secure nothing less than those terms which will enable our people not only to move more freely without restrictions, anywhere into Canada, it is not enough to know that this island is linking up with a

growing dominion with strong aspirations to full sovereign nationhood fifty years hence; it is not enough that we shall be able to import commodities from Canada duty free. What is of greater importance is, will the final terms of union be such that we can enlarge our health and social services, improve our educational facilities, and give our people a better standard of living without extra burdens of taxation.

Will our fishing industries be fully safeguarded and more widely exploited, will our natural resources likely be more greatly developed, will the iron ore and other potentialities of our Labrador wealth be developed for the benefit of Newfoundland than that of Canada? Will we in fact retain our Labrador territory as a part of the Newfoundland province in the future? These are some of the things these seven Newfoundlanders must contend for in order to afford our young people the opportunities and financial security they must have if they are to remain and build up their country, otherwise they will be obliged to cross to the mainland and this island will have little hope for the future.

The people of this country are not so much concerned with whether the terms which have been offered us already are equal to those of other provinces. What we should be concerned about and what we believe the delegation of Newfoundlanders are just as equally concerned about is, that the final terms of Confederation shall be such that there will be no disunity, no disgruntled sections of the country, no bitterness and persistent regrets and damnations of our fate; better, far better to have months of haggling and determined resistance on anything which is necessary for the welfare and security of our people.

Let the delegation press the cause of Newfoundland with all its force and spirited determination of free proud Newfoundlanders. The delegation has no reason nor justification for accepting just what the Canadian Government may be inclined to offer, whether it be no better than the standard of living that our people now enjoy, or just a little better. Let the delegation make certain of one thing, that Confederation will not become a tragedy of heartbreaking taxation for the people."

10. The Corner Brook *Western Star* stated editorially on October 1st:

"In appealing to the people to lend their support to these gentlemen who have accepted this onerous task, the *Star* does not propose that everyone just sit back and await the results. To the contrary. What is required now is a full expression of public opinion and a large measure of constructive criticism. This is the only way in which the delegation will be enabled to gauge public opinion on their deliberations.

Not everyone is going to be satisfied with the outcome. But if every organization and every community will give expression to its views of the various matters to be discussed, there is little doubt that the pieces will be finally assembled and an understanding reached, which will be in the best interest of the country as a whole.

Realizing the responsibility which is theirs, the *Star* wishes the delegation God-speed, and trusts that they will be steadfast in their determination to obtain the best possible deal for their country and its people."

I have etc.

PAUL A. BRIDLE

826. 2828-40

Extraits d'une dépêche du haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Extracts from Despatch from Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 613 St. John's, October 9, 1948

Sir,

. . .

2. I enclose a copy of a clipping from the St. John's *Daily News* of October 9th† which contains a news story reporting the rally held by the Responsible Government League in the C.L.B. Armoury here last night. The news story states that the Armoury was "jammed to capacity" and that people who could not get in listened to the speeches outside over a public address system.

3. The rally was under the Chairmanship of Major F. W. Marshall, the President of the Responsible Government League, and the speakers were Mrs. Fanny Ryan Fiander of Harbour Grace; Mr. Frederich Hawker of Carbonear; Mr. J. G. Higgins, K.C.; Capt. W. Gordon Warren; Major P. J. Cashin; Mr. R. J. Fahey.

4. The news story states that during the meeting a resolution was presented to the gathering by Capt. Warren, seconded by Major Cashin, and "unanimously carried" by the audience. It is stated that copies of the resolution are to be forwarded "to the British, Canadian and Newfoundland Governments, to the members of the Newfoundland delegation at Ottawa, and the Canadian Cabinet Committees who are meeting with the Newfoundland delegation."

5. The resolution presented reads as follows:

WHEREAS a Delegation, privately selected by the Chairman of the Commission of Government, is at present at Ottawa under instructions to prepare the entry of this country into the Canadian Federation;

AND WHEREAS since the said Delegation was neither chosen nor elected by the people of Newfoundland, it cannot, in justice, claim the right to represent our people or to negotiate on their behalf, any final terms of Confederation;

AND WHEREAS it has been officially stated by the Commission of Government that the people of Newfoundland will not be permitted to express, by way of plebiscite, their approval or otherwise of the final terms on which Canada proposes to absorb this country;

BE IT THEREFORE RESOLVED that this mass meeting of Newfoundlanders do most strongly condemn the unjust and improper methods which are, and have been, used to deprive us of our inalienable democratic rights and of our existence as an independent people;

AND BE IT FURTHER RESOLVED that, on behalf of approximately half the total electorate of Newfoundland who share our beliefs, we do most strongly deny to the members of the said Delegation any right whatever to act on our behalf, or, in our name, to give consent to any terms which would finally commit

Newfoundland to Confederation without prior approval of our people being first obtained to such terms, by way of plebiscite.

AND BE IT STILL FURTHER RESOLVED that copies of this Resolution be sent to the British, the Canadian and the Newfoundland Governments; to the members of the Ottawa Delegation and to the Press.

6. The news story states that it was announced at the meeting that the League's petition "is meeting with great success." No information with regard to the number of signatures so far received was given since "the petition has not yet been completed."

. . .

I have etc.

PAUL A. BRIDLE

827. 2828-40

Extrait du Daily News de St. John's du 9 octobre 1948

Extract from St. John's Daily News of October 9, 1948

. . .

DUPLESSIS OPPOSES ANNEXATION OF NFLD

SAYS BUILDERS OF CONFEDERATION ARE ENTITLED BE HEARD

QUEBEC PREMIER REITERATES CLAIM THAT LABRADOR BOUNDARY LINE MUST BE ADJUSTED

QUEBEC, Oct. 8 — (C.P.) — Premier Duplessis of Quebec said tonight he believed his government could sue for adjustments in the line of demarcation between Quebec and Newfoundland in Labrador, the matter taken to the Privy Council for decision in 1927.[111]

The Premier who told a press conference of his recent trip by air to Ungava said anyone who "sees the boundary line cannot but arrive at the conclusion there are adjustments to be made on the subject."

He referred to Newfoundland as a "colony."

"I regret to say" he said, "some time ago the federal authorities without consulting Quebec, which is not a colony, discussed with apparent representa-

[111] La frontière du Labrador est devenue une question épineuse pendant cette période. Le gouvernement du Québec revendiquait une grande partie du Labrador qui appartenait à Terre-Neuve. Le gouvernement fédéral et surtout les éditorialistes terre-neuviens s'en tenaient à la décision du Conseil privé de 1927. Sur la question de la frontière voir R. A. MacKay, ed., *Newfoundland. Economic, Diplomatic and Strategic Studies*. Toronto: Oxford University Press, 1946, pp. 460-83.

[111] The Labrador boundary became a thorny issue at this time. The Government of Quebec laid claim to a large portion of Labrador which belonged to Newfoundland. The Federal Government and especially Newfoundland newspaper editors saw no need to reopen the dispute settled by the Privy Council decision of 1927. On the boundary issue, see R. A. MacKay, ed., *Newfoundland. Economic, Diplomatic and Strategic Studies*. Toronto: Oxford University Press, 1946, pp. 460-83.

tives of Newfoundland the delimitation of the frontier in Labrador. It seems to me that elementary courtesy dictates that the pioneer Province of Quebec is treated with consideration by the administrative authority which owes much of its existence to Quebec. In any event the people of Quebec can be sure we will employ with courtesy the proper action to protect and safeguard the rights of the province."

Premier Duplessis predicted the annexation of Newfoundland would result in everlasting squabbles because half of the people of the island were not agreeable to joining Canada. He said the Provinces of Quebec, Ontario, New Brunswick and Nova Scotia had given Confederation life and should have been consulted. He compared the entry of Newfoundland into Confederation to the admission of a new member into the household without consulting the members who built the house. The Federal Government was paying millions for the 10th province whose people would benefit without cost from social legislation, transportation services and so on established at the expense of the other nine provinces.

"It seems to me the Federal debt is considerable enough without adding a few more millions," he said.

. . .

828. PCO-CRF

La Ligue pour le gouvernement responsable de Terre-Neuve au Premier ministre par intérim[112]

Responsible Government League of Newfoundland to Acting Prime Minister[112]

St. John's, October 16, 1948

Sir,

As you may know the little Dominion of Newfoundland had her Constitution suspended in 1934 on account of financial difficulties.

At the time a pledge was given by His Majesty's Government in the United Kingdom that as soon as the financial difficulties had been overcome and on request of the people, said Constitution would be restored.

We of the Responsible Government League are taking the liberty of laying before you at this time the case for Newfoundland, with the hope that you may see fit to raise the question of Newfoundland's Constitutional position at your Conference table.

[112]Le Premier ministre par intérim, L. S. St. Laurent, était alors à Londres pour participer à la Conférence des premiers ministres du Commonwealth. Il remplaçait Mackenzie King qui était malade.

[112]The Acting Prime Minister, L. S. St. Laurent, was then in London to attend the Conference of the Commonwealth Prime Ministers. He was replacing Mackenzie King who was ill.

What we have set down in this Memorandum[113] is the truth irrespective of what others may say, and we appeal to you at the request of practically half our population to use your best interests in the cause of Justice and Fair Play. A copy of this Memorandum has been forwarded to each Prime Minister and to the Secretary with the request that it be placed before the Conference.

We have etc.

THE RESPONSIBLE GOVERNMENT LEAGUE

W. L. COLLINS
Secretary

829. L.S.St.L./Vol. 61

Extraits d'une lettre du sénateur John J. Kinley au Premier ministre par intérim

Extracts from Letter from Senator John J. Kinley to Acting Prime Minister

PERSONAL Lunenburg, October 29, 1948

Dear Mr. St. Laurent,

I had occasion to visit Newfoundland this month, looking after my business interests there. In keeping with my duties as a Senator, which is to assist and advise in important matters of Government, I venture to bring to your attention just one thought that occurred to me.

The politics of Newfoundland are fluid. Business men are trying to appraise the situation and determine which party they will go to and it would be a pity if most of the strong business elements of the country, especially in St. John's, lined up against the Liberal party.

For instance, I was talking to the lady whom we visited in Harbour Grace, who was strongly in favour of Confederation. She said the fly in the ointment was the question of leadership and I am, also, told that many voted for Confederation who would not support Mr. Smallwood.[. . .]

The fresh fish merchants I found in favour of Confederation. They seemed to be the only business interests in St. John's that were in favour and they helped a lot. A courageous few, I think, created the confidence, which swayed the balance in the vote. The opinion is the next election will be run on Confederation and that Members will be elected by districts.

I have had long experience with Newfoundlanders. They are a kind-hearted people, but sensitive and like to assert their independence. They are moved by the

[113]Non reproduit. Ce mémorandum était semblable à celui présenté lors de l'établissement de la Ligue en décembre 1946.

[113]Not printed. The memorandum was similar to the one published at the time of the League's formation in December 1946.

heart rather than by the head and proper friendship will do wonders with a Newfoundlander.

. . .

Yours faithfully,
JOHN J. KINLEY

830. 2828-40

Extrait d'une dépêche du haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Extract from Despatch from Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 871 St. John's, November 12, 1948

Sir,

I have the honour to refer to my Despatch No. 769 of November 4[†] regarding the delegation which is to proceed to London to present the petition which has been circulated by the Responsible Government League.

2. It has now been announced that Mr. F. W. Marshall, President of the League, Mr. P. J. Cashin and Mr. J. G. Higgins, K.C., are to be members of the delegation. They will leave St. John's by air today.

3. It is reported that their petition is to be presented in the House of Commons by Sir Alan P. Herbert, if he returns in time from a visit to South Africa. If not, it may be presented by Mr. L. D. Gammans. It will be recalled that both these Members of Parliament have on occasion taken up the cudgels of the Responsible Government League.

4. The Responsible Government League states that a good reception has been given to its petition, but they have not as yet indicated how many signatures have been obtained.

. . .

I have etc.
PAUL A. BRIDLE

831. 10300-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 359 St. John's, November 13, 1948

It has been announced here that three former members of the House of Assembly and three former members of the Legislative Council, including Judge W. J.

Browne of the St. John's District Court and J. S. Currie, publisher of the *Daily News*, have taken out a writ in the Supreme Court against the members of the Commission of Government including the Chairman.

According to reports appearing in the press the writ claims that the steps taken by the Newfoundland Government to pass the National Convention Act of 1946 and the National Referendum Act of 1948 were unconstitutional and illegal and the plaintiffs ask for a declaratory judgement.

It is also reported that the plaintiffs ask for an injunction to restrain the defendants from concluding union with Canada, from asking the British Government to pass legislation to bring about confederation with Canada and thirdly, to take any other steps to alter the constitution of Newfoundland except by restoration of Responsible Government and revival of letters patent of 1934.

832. 10300-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 362 St. John's, November 15, 1948

My telegram No. 359 of November 13th, writ issued against members of the Commission of Government.

The text of the writ is published in this morning's *Daily News* and I am forwarding copies by despatch.

The plaintiffs seek a declaration that it was the legal duty of the Commission of Government to seek restoration of Responsible Government as soon as Newfoundland was self-supporting, that the National Convention Act is repugnant to the Newfoundland Act of 1933, that the Referendum Act was invalid and the proceedings under it null and void, that confederation can only be brought about under Section 146 of the British North America Act or under a new Imperial Act, and that the Commission of Government is not a legislature under the meaning of Section 146 and that the Imperial Parliament has no power to make a law providing for confederation except at the request of an elected Newfoundland Parliament.

The plaintiffs seek an injunction as described in my telegram under reference.

In addition to Currie and Browne the other plaintiffs are F. McNamara and J. V. Odea who I understand are former members of the Legislative Council, and W. C. Winsor and Harold Mitchell who, I understand, are former members of the House of Assembly.

833. 2828-40

Le haut commissaire en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

High Commissioner in Great Britain to Secretary of State for External Affairs

TELEGRAM 2086 London, November 24, 1948

RESTRICTED. My telegram No. 2032 of November 16th,† petition from Newfoundland Responsible Government League. Petition signed by about fifty thousand persons was presented to the House of Commons yesterday by Sir A. P. Herbert, M.P. The prayer of the petitioners was that immediate provision might be made for the restoration to Newfoundland of Responsible Government, as under letters patent 1876 and 1905, and in accordance with letters patent 1934; and that no negotiations be undertaken or concluded for the union of Newfoundland with Canada other than by representatives of a duly elected Government of the people of Newfoundland. Copy of petition being airmailed.† Ends.

834. 2828-40

Le haut commissaire en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

High Commissioner in Great Britain to Secretary of State for External Affairs

TELEGRAM 2119 London, November 27, 1948

RESTRICTED. My despatch No. 2266 of November 24th, Newfoundland.

Sir Alan Herbert M.P. (Independent) has tabled the following motion in the House of Commons:

"That this House, having taken note of the facts set forth in the humble petition of certain Newfoundlanders presented on November 23rd, calls upon His Majesty's Government to introduce without delay a Bill to repeal the Newfoundland Act, 1933, and to restore self-government to Newfoundland, so that an election may be held in May, 1949, after which the people of the island, through their own elected Legislature and Government, may determine their future, whether by way of Confederation with Canada or otherwise."

2. The motion is backed by 7 Conservatives, 2 Labour members and 1 Liberal. Beverley Baxter is among the sponsors.

3. Unless the Government makes time available for debate (which seems most unlikely) Herbert's chances of debating the motion depend on his winning a place in the ballot for private members' motions. The balloting time for such motions commences after Christmas.

835. 10300-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 396 St. John's, December 1, 1948

Following is the text of an article which appeared in today's *Evening Telegram*.

"In connection with the writ issued by former members of the Legislative Council against Commission of Government, it is learned that Mr. James Power, Deputy Secretary for Justice, has had a summons issued for all parties concerned to appear on Monday before Mr. Justice Dunfield in chambers. Mr. Power, it is understood, will move to have the statement of claim of the plaintiffs stricken out and the action stayed or dismissed as the statement shows no reasonable cause of action and is frivolous and vexatious."

836. 2828-40

Le deuxième secrétaire, le haut commissariat à Terre-Neuve, au chef, la direction du Commonwealth britannique

Second Secretary, High Commission in Newfoundland, to Head, British Commonwealth Division

SECRET AND PERSONAL St. John's, December 2, 1948

Dear Mr. MacKay,

I wish to refer to Mr. Robertson's very enlightening letter of August 10 to Mr. Pearson[114] regarding his conversation with Cardinal McGuigan about the Roman Catholic church in Newfoundland.

The Cardinal's remarks were certainly pertinent and, I am sure, authoritative. I therefore hesitate to comment on what he has said. There is one minor point, however, on which I think I should perhaps say a word.

It is my understanding that there is no Apostolic Delegate in St. John's and that Newfoundland matters come within the purview of the Apostolic Delegate in Ottawa. Incidentally, his private secretary is, I believe, a son of Mr. W. J. Carew, the Secretary of the Commission of Government. It may be that the arrangement to which the Cardinal refers is the transfer, which I understand took place some two years ago, of Labrador from the jurisdiction of the Bishop of Harbour Grace to that of a French Canadian Bishop, whose diocese includes both the Canadian and Newfoundland Labrador.

Yours sincerely,

PAUL A. BRIDLE

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[114] Voir le document 811.

[114] See Document 811.

837. 2828-40

Le secrétaire d'État aux Relations avec le Commonwealth de Grande-Bretagne au haut commissaire de Grande-Bretagne

Secretary of State for Commonwealth Relations of Great Britain to High Commissioner of Great Britain

TELEGRAM 1106 London, December 3, 1948

SECRET AND PERSONAL. Addressed to Governor of Newfoundland No. 259 repeated to Ukrep, Ottawa No. 1106.

Your telegrams Nos. 265 and 267.† Petition.

1. Newfoundland Delegation called on me on morning of November 30th. They were introduced by Sir Alan Herbert, M.P.

2. Herbert opened discussion by referring to motion which he has put down for debate in House of Commons (text of this is contained in my immediately following telegram)† and enquired what objection would be seen by United Kingdom Government to immediate restoration of responsible government in Newfoundland to be followed by elections next year following which people of Newfoundland could decide through their own elected representatives whether or not to proceed with confederation. My reply to this was that since motion had been put down I must reserve Government's case for debate on floor of House.

3. Members of Newfoundland Delegation then in turn recited their grievances. These covered familiar ground and I need not repeat their arguments in detail. Their main contentions were as follows:

(1) Newfoundland Act of 1933 had contained pledge that responsible government would be restored.

(2) Decision to add confederation with Canada to ballot paper had been taken against advice of National Convention.

(3) People of Newfoundland had been given no opportunity of studying effects which confederation would have on their country.

(4) There was now much bitterness in Newfoundland. It was widely felt that the United Kingdom had betrayed the island. If a further vote were taken tomorrow it would go in favour of restoration of responsible government.

(5) Mr. Mackenzie King had been guilty of "dishonesty" in declaring that result of second referendum showed an adequate majority in favour of confederation.

(6) There were grounds for believing that a number of people had cast more than one vote in favour of confederation: two or more cases of this kind had been brought before the courts and convictions obtained.

(7) You yourself and two of Newfoundland Commissioners had in your official capacities taken a direct part in the campaign for Confederation with Canada.

4. I confined myself to answering points (2), (6) and (7) though I traversed other points briefly. In reply to (2) I said that final responsibility for alternative forms of government to be placed on ballot paper had lain with United Kingdom

Government. With full approval of Cabinet I had decided to add confederation with Canada to other recommendations put forward by National Convention. In taking this step I had been influenced by the considerable minority in the Convention which had expressed itself in favour of the people being given an opportunity to vote on this form of government. To have refused them this opportunity would have been virtually to disenfranchise them. Subsequent events had proved how correct this decision had been.

5. As regards point (6) I told the Delegation that remedy lay in their own hands and that if they produced specific evidence to show that their allegations were well founded it would of course be examined.

6. As regards point (7) I rebuked Delegation strongly for allegations which they had made against you in person and said that they would have to give me detailed written evidence in support of these allegations before I could pay the least attention to them. I would not listen to mere rumour. As to the activities of the two Newfoundland Commissioners I said that it was quite natural that as private citizens they should take part in the Referendum campaign. Their own choice of government was a matter for themselves alone and there was no reason why they should not express their views on it in public in the same way as any other citizen was entitled to do.

7. I refused to be drawn into any further discussion and other points made by Delegation were of a trivial nature. Members of Delegation were polite and restrained and much less downright than I had expected.

8. I am repeating this and my immediately succeeding telegram to U.K. High Commissioner in Ottawa for his information.

838. 2828-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 417 St. John's, December 10, 1948

The Responsible Government League delegation which recently returned from London has announced that it will hold a public meeting in the CLB Armoury in St. John's tonight at which they will present a report on their visit to England.

839. 2828-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 423 St. John's, December 10, 1948

IMPORTANT. My telegram No. 417 of December 10th. Public meeting held by representatives of Responsible Government League.

1. Marshall, Higgins and Cashin addressed the meeting which I understand was attended by possibly one thousand people. The hall was not quite filled.

2. I have received information, as yet unconfirmed, that a resolution was in some way approved by the meeting calling upon the Governor to send a message to the delegation now in Ottawa not to sign the terms. I am told that at the conclusion of the meeting those present proceeded to Government House. I am told their spokesmen claim they numbered some five or six thousand but I feel sure that this figure is very greatly exaggerated. The crowd remained on the street outside the gates of Government House grounds while Marshall, Higgins and Cashin went in to call on the Governor.

3. It is said that the Governor received them and that they presented the resolution to him. He is reported to have told them that he would call a meeting of the Commission of Government at ten o'clock Saturday morning to consider the matter. The crowd then dispersed. There was evidently no disorder of any kind.

4. I am told that the substance of the resolution was that the only manner in which confederation can be negotiated is by a duly elected responsible Government and that those present at the meeting consequently object to the appointment of any delegation of citizens to negotiate terms with Canada. The resolution appeals to the Governor to send a message to the delegation now in Ottawa not to sign the terms on the grounds that it has no power to do so and that moreover to do so would prejudice the constitutional position of Newfoundland "in England."

5. I understand that His Excellency was asked to give copies of the resolution to the members of the Commission and to send copies to the Prime Minister[115] and to the Newfoundland delegation in Ottawa.

6. The above is subject to confirmation later in the morning when I have an opportunity to check the information I have received.

840. 2828-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM St. John's, December 11, 1948

IMMEDIATE. Following is the official reply to the resolution handed to the Governor last night by Messrs. Marshall, Higgins and Cashin. The reply is addressed to Mr. Marshall:

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[115] Néanmoins, la Ligue pour le gouvernement responsable de Terre-Neuve a envoyé le texte de la résolution au Premier ministre par télégramme le jour même.

[115] In fact, the Responsible Government League of Newfoundland sent the text of the resolution to the Prime Minister by telegram the same day.

"Sir, I am directed by the Governor in Commission to inform you that consideration has been given to the resolution handed by you to His Excellency at eleven o'clock last night. I am to explain that after the people had given expression to their wishes in the referendum it became necessary to devise means to give effect to them and as was publicly announced on the 5th of August last the Governor in Commission not the Governor in person as stated in the resolution, appointed representatives of Newfoundland to negotiate with representatives of Canada respecting the terms of union between the two countries. Since that date the deliberations of the Newfoundland delegation both before and after going to Ottawa, have been a matter for the delegation itself in which the Government was in no way concerned. The time, manner and method of concluding the negotiations were also the responsibility of the delegation. It follows that it would be as improper for the Government to intervene at this stage as it would have been at any earlier stage. I am to add that there appears to be no reason why if it were intended to make the requests set out in the resolution they could not have been made at an earlier date. I am further to add that since a copy of the resolution has appeared in the press a copy of this reply is also being published. Signed W. J. Carew, Secretary of the Commission of Government.

The reply is to be published in the press and over the radio this afternoon.

841. 10300-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 430 St. John's, December 14, 1948

My despatch No. 1001 of December 13th† and earlier correspondence regarding the writ served against members of the Commission of Government.

1. You will recall that on December 6th the parties concerned were summoned to appear in Chambers on December 6th to hear an application on the part of the defendants for an order that the plaintiffs' statement of claim be stricken out on the ground that it is frivolous and vexatious.

2. You will also recall that at the close of the hearing the judge reserved judgement.

3. In Chambers this morning the judge rendered judgement that statement of claim was ordered to be stricken out, the action was dismissed and the defendants are to have judgement for costs.

4. The plaintiffs have given notice that they will file an appeal to the full bench of the Supreme Court.

842. L.S.St.L./Vol. 61

Le Premier ministre à l'évêque de Harbour Grace, Terre-Neuve[116]

Prime Minister to Bishop of Harbour Grace, Newfoundland[116]

Ottawa, December 15, 1948

Your Excellency,

My attention has been drawn to the article in *The Ensign* for December 11th, entitled "Not-So-Forgotten Land" in which you refer to an earlier article in the same paper regarding Newfoundland and dealing with the question of confederation of Newfoundland with Canada.

With regard to the article in general, I do not wish to make any comment and I would not have written had it not been for a reference to a statement of mine concerning the expression of view of the people of Newfoundland on confederation. The part of the article to which I refer is as follows:

"Many of us were profoundly shocked by the unethical statement of Mr. St. Laurent that the manner of obtaining the majority did not matter, so long as the majority was secured."

It seems to me that the purport of my statement has been entirely misunderstood, or possibly misrepresented to you. It may be you had not seen the actual statement in its context, and I would not wish a bishop of my faith to have to judge my conduct on incomplete press reports which sometimes give an inaccurate impression. I am accordingly sending herewith a copy of the Official Report of the House of Commons Debates for June 19, 1948.[117] My remarks will be found beginning at the bottom of page 5543.

I hope that after reading them you will not feel that I did take an unethical stand.

I beg to remain with respect,

Yours sincerely,

L. S. St. Laurent

843. 10300-B-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

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[116]Le très révérend J. M. O'Neill.
[117]Voir le document 604.

[116]Most Reverend J. M. O'Neill.
[117]See Document 604.

DESPATCH 1026 St. John's, December 20, 1948

SECRET

Sir,

I have the honour to inform you that His Excellency the Governor of Newfoundland sent for me on Saturday for the purpose of discussing his plans for the next two or three months. He informed me that he had received a suggestion from the Commonwealth Office that he should return to England sometime in the early part of the new year. I think he is under the impression that they have some other position for him. He informed me that his own views were that there are two "musts" which should be considered.

2. The first "must" is that he should remain here until the terms of Union are approved both by the Parliament of Canada and by the Commission of Government of Newfoundland.

3. The second "must" is that he should depart finally from Newfoundland not later than March 20. He feels this should be the latest date so that Government House could be prepared for occupancy by the incoming Lieutenant-Governor on April 1, and also so that it could be occupied by His Excellency the Governor General of Canada if he makes his proposed visit to Newfoundland on or before March 31. His Excellency also explained to me that he anticipated that the terms of Union would be approved by the Parliament of Canada before the end of the month of February, and he thought that in that event he would be asked to return to England for consultation when the Act adopting the terms of Union is introduced in the Parliament at Westminster. In that event he thought he would be leaving Newfoundland permanently at an earlier date than March 20.

4. His Excellency also explained to me that he had been asked by Professor John Hughes of the University of McGill to give an address in Montreal on St. David's Day, March 1. He proposed to accept this invitation provisionally on it being possible for him to leave Newfoundland by that date. In that event he would like to spend two or three days in Ottawa and sail from Halifax or New York for England, or by air from Montreal, if the necessary Act was passed by the Parliament of Canada before the end of February.

5. In any event the Governor informed me that he did not want to be in Newfoundland on March 31, on which date it is proposed to have some ceremonies here.[118]

6. May I add that if it can be arranged that His Excellency the Governor General of Canada would invite the Governor to stay at Government House at Ottawa for two or three days, such an invitation would be very much appreciated.

I have etc.

C. J. BURCHELL

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[118]Le gouverneur a quitté Terre-Neuve le 5 mars 1949.

[118]The Governor left Newfoundland on March 5, 1949.

844. 2828-40

Le haut commissaire en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

High Commissioner in Great Britain to Secretary of State for External Affairs

SECRET AND PERSONAL London, December 30, 1948

Dear Mike [Pearson],

Patrick Gordon-Walker[119] came to see me this morning with a private message he wished me to pass on to you, for your personal information, by bag and not by cable.

He showed me a letter dated December 13th from the Governor of Newfoundland, containing the text of a telegram which had been agreed by the Commission of Government, but which on second thoughts they had decided not to send. It was a rather alarming message provoked by the midnight march on Government House by anti-Confederation demonstrators the previous night. The Commission were at that time very worried about the danger to civil security in St. John's, and were prepared to ask the United Kingdom Government to have a naval vessel stationed near enough to St. John's to restore order on short notice if serious rioting broke out. They did not want the vessel actually in St. John's harbour, but thought it could be kept in readiness in Placentia or some nearby port. This would give them a degree of security which they felt was lacking.[120]

Since then the situation seems to have settled down appreciably, and neither the Governor nor the United Kingdom Government are as worried about the possible disorders as they were. The United Kingdom Government feel that up to the entry of Newfoundland into Confederation, they are automatically responsible for maintenance of law and order on the island, but they would not like to take any action in carrying out this responsibility without consulting and obtaining the concurrence of the Government of Canada. They are hopeful that past dangers will not recur, and they are not taking any steps to keep a naval vessel in proximity to St. John's.

Gordon-Walker emphasized that he was passing on the foregoing information privately and personally, and solely for purposes of information. I think, however, they would be glad to know what views, if any, the Canadian Government had as to the sort of action that could best be taken, and by whom, should the less responsible elements in the anti-Confederationist movement attempt to create a state of civil disorder in the city of St. John's with which the local police force was unable to cope.

Yours sincerely,

N. A. ROBERTSON

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[119] Sous-secrétaire d'État parlementaire aux Relations avec le Commonwealth de Grande-Bretagne.

[119] Parliamentary Under-Secretary of State for Commonwealth Relations of Great Britain.

[120] Note marginale:

[120] Marginal note:

Minister's comment: Isn't this all pretty panicky on Gordon-Walker's part?

845. 10300-B-40

Extraits d'une dépêche du haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Extracts from Despatch from High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 12 St. John's, January 5, 1949

Sir,

I have the honour to refer to my telegram No. 428 of December 13th† regarding the publicity given in Newfoundland to the terms of Confederation, the statement of questions raised by the delegation[121] and the signing ceremony, and to recent despatches under cover of which I have sent you newspaper clippings on the subject of Confederation.

2. The broadcast of the signing ceremony was heard clearly in widely scattered parts of Newfoundland and attracted a large audience. The terms of the accompanying memorandum were given full publicity over the radio and in the press both in St. John's and in the outports. Photographs of the signing ceremony have appeared in the St. John's daily newspapers and in some of the outport weeklies.

3. The terms and the statement of questions raised by the delegation appear to have been generally well received. I have only fragmentary reports from the outports. Notes appear from time to time in the press which with one or two exceptions (chiefly in the Avalon Peninsula) report distinctly favourable reaction from outport communities. Early last week the St. John's *Evening Telegram* carried a number of reports from outport areas which sound on balance decidely favourable. Copies of these reports and of the notes which have appeared in the press have been forwarded under cover of my despatches Nos. 1084, 1108 and 1109 of December 20th, and 31st.† There seems no doubt that the majority of the people in the outports are very much pleased, as indeed are many people in St. John's where, you will recall, one-third of the electorate voted for Confederation. Even among the opponents of Confederation in St. John's the terms have made a rather deep impression and, while some of them continue to grumble, they are finding it rather difficult, at least at this stage, to criticize their substance with any measure of success.

4. Those who are not enthusiastic about Confederation include some businessmen, parts of the old St. John's wards, and an undetermined number of Mr. Crosbie's and Mr. Cashin's followers in St. John's and in some other parts of the country. Mr. Crosbie has been quiet since his return. He contented himself on arrival with saying he would make a minority report to the Government but apparently has not as yet made any report. Mr. Cashin and his few remaining colleagues in the Responsible Government League have not been heard from recently except for an advertisement inserted in the "Year End" edition of the

[121] Voir les documents 804 et 805.

[121] See Documents 804 and 805.

Daily News by the Responsible Government League in which an appeal is made for continuing support and for funds to finance "the final test." In addition to the impact of the terms, their cause has suffered two major blows in the judgement brought down by Judge Dunfield in the injunction case and in Mr. Noel-Baker's recent statement that the United Kingdom Government would not allot time for a debate on Sir Alan Herbert's motion respecting responsible government for Newfoundland. The *Daily News*, the Grand Falls *Advertiser* and, to some extent, the *Sunday Herald* continue to criticize Confederation. Apart from these manifestations, however, the opposition seems, at least temporarily, to have subsided. The issuing of family allowance registration forms, which was necessary for administrative reasons, has been criticized as "a political move" by some opponents of Confederation. It has no doubt, in fact, encouraged a feeling that Confederation is well on the way to consummation and that it will be of real benefit to Newfoundlanders.

5. The handful of more radical opponents of Confederation, while their main concern at present is no doubt to preserve a consistent front to the end, may not have had their last fling yet. The injunction case may be appealed to the full bench, and it is not beyond the bounds of possibility that an effort might be made by Mr. Cashin and his clique to influence the Parliaments of Canada and the United Kingdom by staging a demonstration in St. John's. Such a development, however, seems rather unlikely at the moment. Mr. Crosbie's report, if and when it appears, may enlist applause from those who have all along been inclined to follow his lead but he is swimming against a strong tide. Also, it is said here that if his past record is any criterion he would likely be opposed to really extreme measures.

6. The prevailing atmosphere is altogether quiet. My feeling is that, while there is a relatively small body of uncompromising dissenters, particularly in St. John's, the country on the whole is distinctly glad about the way things have turned out. I rather think, that except among the "die-hards" opposition to Confederation is slowly but steadily growing less substantial. If we can follow up our good start with constructive and well conceived steps we should be able to make this trend progressive and cumulative.

7. [. . .]You will recall that on December 18th the *Telegram* published an editorial entitled "In Union with Canada" which discussed the coming union in a broad and constructive manner. This editorial was forwarded under cover of my despatch No. 1033 of December 18th.† You will also recall that the Year End edition of the *Daily News* published a very constructive article by Mr. Lewis Ayre, the President of the Newfoundland Board of Trade, entitled "Forward Together." In this article Mr. Ayre vigorously expressed his confidence in the ability of Newfoundland business and of the Newfoundland people generally to meet the problems of readjustment involved in Confederation and to build Newfoundland's future on a solid foundation. He stressed the need for initiative and effort in Newfoundland and for working together and said "There will be little room for dissension among us and anyone attempting to divide the country for political or selfish reasons will be guilty of a great injustice to his fellow New-

foundlanders." The *Evening Telegram* reprinted Mr. Ayre's article on January 3rd and commented favourably on it editorially.

. . .

I have etc.

C. J. BURCHELL

846. R.A.M./Vol. 4

Le haut commissaire à Terre-Neuve au chef, la direction du Commonwealth britannique

High Commissioner in Newfoundland to Head, British Commonwealth Division

SECRET AND PERSONAL St. John's, January 5, 1949

Dear Mr. MacKay,

I refer to my despatch No. 12 of January 5 regarding the reaction to the terms here.

The Responsible Government people are pretty obviously up against a stone wall, and it is probable that their effort from here on will be to retain as much popular support as possible with an eye on post-Confederation political campaigns. At the same time, one cannot yet entirely discount the possibility of Mr. Cashin or the two or three who are still associated with him endeavouring to make an effort, sometime between now and March 31, to upset the political apple-cart by staging a demonstration of some sort. It is always possible that, if this were to occur, some sort of violence might develop.

I do not regard this as at all likely. I do not sense at present the sort of atmosphere which would favour an extreme move of this kind. You will have noted, however, that the Corner Brook *Western Star*, in an editorial in its issue of December 17, issued a rather petulant warning against demonstrations in St. John's against Confederation. This editorial mainly reflected the rather childish rivalry which has grown up between Corner Brook and St. John's. People in the capital do not seem to have taken the editorial at all seriously. I am told that there are some 2000 unemployed in St. John's, and some of these, I suppose, might be potential support for anyone who wished to start trouble. A number of business firms, I understand, have taken out riot insurance, but most of them did this several months ago. Their having done so evidently does not reflect any more serious view of the situation at the present time. If anything, I would think that apprehension regarding rioting and that sort of thing is less today than it was last July.

At the same time I think you should know that the authorities are fully aware that it is possible that some sort of trouble might develop, and that the police are prepared to deal with any such situation. The Governor's thinking, I know, has gone so far as to speculate on what might have to be done if serious rioting were to break out. He has considered the advisability of having a British warship stand

off St. John's within an hour's call, if he should receive information that would seem to warrant such a step. I know, however, that he is reluctant to do this and that the only alternative he has in mind, were the police to need assistance, would be to call on the Americans at Fort Pepperrell. This would clearly be most undesirable.

The Governor does not anticipate trouble nor, I understand, do the other members of the Commission of Government. At the same time, I am told that the "English" members of the Commission are rather leaning over in both their public and private capacities to give the impression that Confederation is not of their making.

I can see nothing in the present situation which need give apprehension. Nevertheless I think you perhaps should have the above as background information.

Yours sincerely,

C. J. BURCHELL

847. L.S.St.L./Vol. 61

Le Premier ministre à l'évêque de Harbour Grace, Terre-Neuve

Prime Minister to Bishop of Harbour Grace, Newfoundland

Ottawa, January 7, 1949

Your Excellency,

I have read with much interest and some surprise your letter of December 28th.[†]

I never would have dreamed that anyone could interpret what I said to the Newfoundland delegation on October 6th last as "the unethical statement" that the manner of obtaining the majority (for union with Canada) did not matter, so long as the majority was secured.

When I said "I prefer to believe that many, if not most, of those who, in Newfoundland, voted for Responsible Government, were not thereby necessarily voting against union with Canada, but were rather expressing a preference for a different method of approach," I thought it would be obvious I was referring to the fact that the approach was being made without the prior re-establishment of Responsible Government.

I said this because I believed then what Your Excellency, since in Your article of December 11th, has stated to be so, i.e. that many of those whose votes had not been cast for Confederation were "not opposed to the 'res' of Confederation as much as to the 'modus'," or "did not object to going in honourably as equals" but did object to being "dragged in ignominiously over the back fence."

I was endeavouring to express the hope that the union which might be achieved would prove to be one which would remove a large part of the opposition of those who had not liked the procedure which had been followed. I continue to hope that this may prove to be the case, and, in this connection, I take some comfort from your statement that "Now that Confederation appears inevitable we can only hope and pray that it will turn out all right."

I should like, in conclusion, to comment on the observation in your letter that "We do not blame the Canadian Government for making the best bargain possible in the interests of their country."

I believe I am speaking for all my colleagues when I say that we did not approach the negotiations with the delegation from Newfoundland in a spirit of bargaining. We felt we had a responsibility to do everything in our power to create a union which would be at once harmonious and enduring. We in Canada want to be as sure as we can that the vast majority in the people of Newfoundland will, before too long, be proud and happy to be citizens of Canada, and we have not felt this objective would be attained by any process of sharp bargaining.

I am not particularly concerned about having any rectification published in the *Ensign*. What did concern me was that you yourself, a bishop of my Church, should be satisfied I had not acted in a manner which could justifiably be regarded as unethical. I suppose it would have been more Christianlike to be content with having that satisfaction in one's own conscience.

Yours very sincerely,

L. S. ST. LAURENT

848. 2828-40

Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Great Britain to Secretary of State for External Affairs

TELEGRAM 128 London, January 15, 1949

RESTRICTED. My despatch No. 2432, December 18th, 1948,† union with Newfoundland.

Sir A. P. Herbert, M.P., has circulated a Newfoundland (Liberation) Bill that he proposes to introduce in the House of Commons. Whether the Bill will be debated depends on whether Herbert obtains time in the balloting for the very limited amount of private members time. Following is the text of the Bill. Begins:

Whereas in the year 1934 the self-governing powers of the Dominion of Newfoundland, which was then in financial difficulties, were placed in suspension, and on 31st January 1934 His Majesty was graciously pleased to issue new letters patent providing for the administration by Commissioners appointed by His Majesty of Newfoundland and that large part of Labrador which belongs to her, until such time as she might become self-supporting again.

And whereas it was then undertaken by His Majesty's Ministers in the United Kingdom that a full measure of self-government would be restored when the Dominion should become self-supporting again and it was expressly upon that understanding that the Government of Newfoundland agreed to the temporary suspension of the self-governing powers.

And whereas Newfoundland has been self-supporting since the year 1941, is self-supporting now, and is expected so to continue; and the manifold natural

resources of Labrador have not yet been developed; and it is expedient therefore that the pledges of His Majesty's Ministers be fulfilled forthwith and the said Dominion to which the Statute of Westminster applies be enabled to conduct her affairs and determine her future through her own elected Legislature in due constitutional manner.

Be it enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

1. It shall be lawful for His Majesty by any letters patent under the Great Seal of the Realm to make provision to terminate the suspension of the operation of the letters patent dated the 28th day of March, 1876, and to revoke the letters patent dated the 30th day of January, 1934, and in addition thereto to make provision for the administration of Newfoundland in the manner set forth in the first mentioned letters patent so as to empower the Governor to summon a Legislative Assembly in St. John's to resume their Parliamentary duties, and generally to restore the provisions of the said letters patent of the 28th day of March, 1876, as if the same had not been suspended.

2. The Newfoundland Act, 1933, is hereby repealed.

3. This Act may be cited as the Newfoundland (Liberation) Act, 1949. Ends.

849.

Le gouverneur de Terre-Neuve au haut commissaire à Terre-Neuve

Governor of Newfoundland to High Commissioner in Newfoundland

PRIVATE AND PERSONAL St. John's, January 17, 1949

Dear Mr. Burchell,

Enclosed please find a copy of a letter I have just received from Peter J. Cashin, Esquire, St. John's, Newfoundland.

Along with the letter addressed to me was enclosed a copy of a letter addressed to yourself, dated 15th January, 1949.[122]

In the first paragraph on page 4 of the letter to you there is a reference to the Chairman of the Commission of Government. This reference is very similar to one made in the Memorandum which was sent last October to the Secretary to the Commonwealth Prime Ministers' Conference in London by the Responsible Government League.[123] In case the said reference may be used in order to embarrass the Canadian Government I thought I would send you copies of secret correspondence which has passed between the Commonwealth Relations Office and myself.

Yours sincerely,

GORDON MACDONALD

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[122]Non reproduit. Voir le document suivant.

[123]Voir la référence 113, document 828.

[122]Not printed. See following document.

[123]See footnote 113, Document 828.

[PIÈCE JOINTE 1/ENCLOSURE 1]

Peter J. Cashin au gouverneur de Terre-Neuve

Peter J. Cashin to Governor of Newfoundland

St. John's, January 15, 1949

Your Excellency,

I am herewith enclosing, for your personal information, copy of a letter which I have today sent to Hon. C. J. Burchell, K.C., High Commissioner for Canada in Newfoundland.

I have nothing whatever to apologize for in this communication because I am convinced that you and your colleagues in the Commission of Government are aiding and abetting the present corrupt literature and propaganda, both through the mails and over the radio, which is being circulated throughout our country.

I have etc.

PETER J. CASHIN

[PIÈCE JOINTE 2/ENCLOSURE 2]

Le gouverneur de Terre-Neuve au sous-secrétaire d'État permanent aux Relations avec le Commonwealth de Grande-Bretagne

Governor of Newfoundland to Permanent Under-Secretary of State for Commonwealth Relations of Great Britain

PERSONAL St. John's, November 8, 1949

Dear Machtig,

I have just read the Memorandum to the Commonwealth Prime Ministers from the Responsible Government League you so kindly sent along.

I am loath to trouble you with any comments, but as there is at least one statement which — if it is intended to convey that the Chairman of the Commission supported Confederation, and what other purpose it could have I fail to see — I am obliged to conclude that it is due to gross dishonesty, blind prejudice, or, at best, defective hearing. To tell you the truth I was utterly disgusted to think that any body of men would stoop to such dastardly tactics.

However, in case the statement is repeated in some other documents of the League which will soon become public property in the United Kingdom and thus cause embarrassment to the Secretary of State and yourself, I feel I must make a brief comment.

The statement in question is on page 8 and is also mentioned on page 12 and reads as follows:

"But an even more extreme instance of setting creed against creed occurred on the occasion of the Annual Conference Dinner of the United Church of Canada in Newfoundland (which is a Protestant body). On that occasion the Chairman of the Commission of Government was the guest speaker and he expressed him-

self in very strong terms on the current political issue. He told the assembled clergymen who, by the way, came from all over Newfoundland, that there was one denomination that played a big part in the last campaign and that it was time for the Protestant bodies to unite together."

My remarks on the occasion referred to did not exceed ten minutes. The reference to the Referendum which had taken place the previous day took less than five minutes and was very largely of a light bantering nature regarding the tired look on the faces of the delegates as a result, no doubt, of staying out of bed until 1.30 a.m. to get the results, or of disappointment with the results, adding that I had been told several times that day that one religious body and its leaders had been more active during the campaign than the other religious bodies.

My comment was that I considered the issues at stake in Newfoundland and in the world in general of such importance that all religious bodies and their leaders should be equally active, that none were entitled to stand aside.

You will observe that I did not suggest in any way on which side they should be active. That would have been contrary to all my public utterances. I simply expressed what I have always done, whether addressing religious or secular assemblies, the need for the active interest of all electors in the Referendum. On no occasion did I utter a syllable in favour of one or other form of Government before the country.

Many of these speeches were broadcast on the radio, and most of them were fully reported in the press. If the Secretary of State and yourself can find time to read the enclosed,† you'll get a good idea of most of my references, varied to fit in with the occasion whether religious or secular. One was delivered in St. John's during the week preceding the first Referendum; the other at Grand Falls when returning from my last visit to London early in July.

As regards the reference to the time and method of appointing the Newfoundland delegation to Ottawa, you are aware, of course, that no action was taken here until the Canadian Government had decided to accept the result of the Referendum as satisfactory, also that the delegation was appointed by the Governor-in-Commission and not by the Governor himself; this has also been published in the press, here.

Yours sincerely,

GORDON MACDONALD

[PIÈCE JOINTE 3/ENCLOSURE 3]

Le sous-secrétaire d'État permanent aux Relations avec le Commonwealth de Grande-Bretagne au gouverneur de Terre-Neuve

Permanent Under-Secretary of State for Commonwealth Relations of Great Britain to Governor of Newfoundland

N.2005/91 London, November 26, 1948

PERSONAL

My dear Governor,

I am sorry not to have thanked you before for your letter of the 8th November in which you were good enough to explain a speech of yours which was traversed in the memorandum submitted by the Responsible Government League. We are, of course, very glad to have from you this account of what took place, but you need not have feared that the Secretary of State or any of us here would, even without it, have accepted such criticisms of yourself. You know, I hope, how much we appreciate the impartiality which you have shown in very difficult conditions, and how little weight we attribute to the accusations of partisan organisations such as the Responsible Government League.

Yours sincerely,

ERIC MACHTIG

850. 2828-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 60 St. John's, January 18, 1949

Sir,

May I inform you that I received yesterday a letter from Mr. Peter Cashin, copy of which is enclosed herewith.[124]

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[124] Le major Cashin se plaignait d'abord qu'il avait reçu des formulaires de demande pour l'allocation familiale alors que sa famille n'y avait pas droit. Mais il s'élevait surtout contre la distribution de tels documents alors que Terre-Neuve ne faisait pas encore partie du Canada et contre le nombre élevé de fonctionnaires canadiens à Terre-Neuve qui, selon lui, s'emparaient de l'administration de Terre-Neuve. Le major Cashin dénonçait ensuite, en termes abusifs envers le gouvernement du Canada et C. J. Burchell personnellement, la complicité de la Grande-Bretagne et du Canada pour forcer Terre-Neuve à s'unir au Canada. Une affirmation du major Cashin dont il n'avait jamais été question dans les déclarations précédentes contre la confédération, portait sur l'existence d'un complot depuis la Conférence de Québec en 1943. Les dossiers révèlent seulement que la question de la situation politique de Terre-Neuve fut soulevée officieusement lors d'un entretien privé pendant la Conférence. Voir le document 53.

[124] Major Cashin began by complaining that he had received forms to obtain family allowances even though his family was not eligible. What he really took exception to was the fact that such documents were being distributed in Newfoundland when it was still a separate country and he complained about the large number of Canadian officials who were coming to Newfoundland and, as he claimed, taking over the administration. Major Cashin then accused the Canadian government, in terms abusive of both the government and C. J. Burchell personally, of having conspired with Great Britain in order to "railroad" Newfoundland into confederation. A touch not hitherto introduced into anti-Confederation declarations was a reference by Major Cashin to the existence of a plot since the Quebec Conference of 1943. The files suggest only that Newfoundland's political future was raised in a tentative fashion in a private conversation during the Conference. See Document 53.

2. You will note that Mr. Cashin proposes to give this letter a wide circulation. His Excellency the Governor has informed me that a copy was forwarded to him yesterday.

3. I take it that there is no necessity of my replying to this letter, but I think perhaps I should acknowledge its receipt as I did in the case of a somewhat similar letter which he sent me shortly after my arrival here last fall. However, I shall await instructions from you before I do so.

I have etc.

C. J. BURCHELL

851. 2828-40

Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Great Britain to Secretary of State for External Affairs

TELEGRAM 181 London, January 20, 1949

RESTRICTED. Your telegram No. 134 of January 19th,† union with Newfoundland.

1. The motion which Lord Sempill has tabled in the House of Lords reads as follows:

"To ask His Majesty's Government, what is their policy with regard to the present constitutional status of the Dominion of Newfoundland; and to move for papers." At present it is expected that this motion will be debated on February 9th, but the date may be changed. I shall of course send you a report on the debate.

2. There is no suggestion that A. P. Herbert's Bill will be introduced in the House of Lords.

852. PCO-CRF

Mémorandum du bureau du Conseil privé

Memorandum by Privy Council Office

Ottawa, January 20, 1949

NEWFOUNDLAND PRESS COMMENT ON THE TERMS OF UNION

1. The following is a summary of the Newfoundland press reports during the past month covering the Terms of Union.

2. The reports on balance appear to be decidely favourable to the Terms. There seems to be no doubt that the majority of the people in the outports are very much pleased, as indeed are many people in St. John's (where one-third of

the electorate voted for Confederation). Even among the opponents of Confederation in St. John's the Terms have made a rather deep impression and while some of them continue to grumble, they are finding it rather difficult, at this stage at least, to criticize their substance with any measure of success.

3. The prevailing atmosphere is altogether quiet. There is a relatively small body of uncompromising dissenters, particularly in St. John's, whose views find their way into the columns and editorials in the St. John's *Daily News*, but the country on the whole seems distinctly glad about the way things have turned out.

4. The early reports (St. John's *Evening Telegram*, December 12-14) from Corner Brook, Twillingate, Musgrave Harbour, Come-by-Chance, Grand Falls, Burin Peninsula and Grand Bank variously described the Terms as "satisfactory," "seemingly very considerate," "splendid work" and "very generous." The general reaction seemed to be favourable with even responsible government adherents expressing satisfaction. A few die-hards apparently dubbed the signing "an hour of great misfortune" and some skepticism was aroused by the refusal of Mr. Crosbie to sign. However, the underlying tone of the preliminary press comment was one of approbation.

5. Subsequent reports have concerned themselves with the details of the Terms and the supplementary statement. Some of these, particularly in the St. John's *Daily News* have not been quite as charitable to the Confederation arrangements. In an editorial entitled "Missing Facts," the *Daily News* called for publication of the provincial budget "used as a working model by the delegation" and of the amount of revenue the federal government "could reasonably expect," in order that the financial terms might be properly appraised. There followed the editorial of December 22nd, "Deficits from the Start," which suggested that Newfoundland can only avoid future deficits by drawing on its accumulated surplus, and that when the surplus is exhausted the deficits will remain "as big as ever."

6. In the same newspaper the columnist "Wayfarer" ("In the News" column) undertook in a series of articles to explain the terms one by one: There was criticism, based upon statements attributed to Mr. Crosbie, that the estimated provincial budget must be regarded as a minimum requirement, and that the financial terms were therefore inadequate. The suggestion was made that the extension of the Maritime Freight Rates Act to the Cabot Strait Service was not the concession as "advertised" in the National Convention (1947) because of substantial increases in Canadian freight rates. There was speculation as to whether the C.N.R. would be prepared to furnish "with the same facility" many of the railway services in Newfoundland, which though unprofitable in themselves, were essential to the supply of a dispersed population. The taxation arrangements for 1949 were said to be inequitable treatment of Newfoundlanders when compared with treatment accorded Canadian taxpayers when the "Pay-as-you-earn" system was adopted in this country. The impression is left that this commentator has attempted with some difficulty to find fault with the terms which apparently did not lend themselves to that task.

7. In sharp contrast was a series of articles by Mr. Rupert Jackson in the *Evening Telegram*. This writer made a genuine attempt to interpret the terms in

order that proposed changes, such as the "Pay-as-you-earn" system of paying income taxes would not confound the average Newfoundlander. The discussion of various aspects of the terms is sober and factual without the superficial speculation indulged in by "Wayfarer." The only criticism advanced by the *Telegram* is the suggestion that corporations, like individuals, should have been granted tax relief for a period after Union.

8. The most pointed criticism was published in the Grand Falls *Advertiser* of December 18th. In editorials on the "Terms" and on "The Memorandum" the agreement concluded between Canada and Newfoundland was stated to represent "nothing more than an inadequate, and temporary improvement over the proposals put forward by Mackenzie King about this time last year." There was reference to the Macdonald-Currie report which was said to point conclusively to a shortage of one million five hundred thousand dollars in the proposed provincial budget even during the peak years of the transitional grant. The "Memorandum" (statements on Questions Raised) was said to be couched in "ambiguous terms which, lending themselves to any number of interpretations, as they do, give no assurance whatsoever of being binding on Canada's part."

9. Perhaps the *Evening Telegram* was expressing the deeper feelings of thinking Newfoundlanders when it published on December 18th under the caption "The Broader Life in Union" a letter signed "Democrat" which urged the public to look beyond the mere financial aspects of Union and to consider the privileges of becoming citizens of Canada. This letter described as "a wonderful thing" this opportunity to grow out of the isolation of the Island wherein "we have had to concentrate too much on just staying 'alive'" into Confederation which will give Newfoundlanders financial stability and the chance to take part in happenings in the world outside.

853. 2828-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

TELEGRAM 60 Ottawa, January 25, 1949

CONFIDENTIAL. Your despatch No. 60 of January 18, Mr. Cashin's letter of January 15.

2. We think it advisable for you to send a simple acknowledgment of the letter.

3. We should have thought it would be obvious that approval of the terms by the Canadian and United Kingdom Parliaments and by Commission of Government is virtually certain and that advance preparations such as are now going on are essential in order to take over or establish services by April. Cashin's letter may represent personal view only, but if it represents substantial body of opinion it might be desirable to take steps to counteract criticism, as, for example, by

press release from your office. The statement would mention the time required to get certain services ready and in suitable terms our appreciations of the fact that these administrative steps are conditional upon Union. It might be necessary to let the Commission of Government know beforehand if we decide to do it, although in such a way, as to avoid associating them with it. They will presumably not wish to join in defending actions of the Canadian Government.

You will, of course, be in a better position to judge of the desirability of such a step than we are here. Your views would be appreciated.

854. L.S.St.L./Vol. 61

Peter J. Cashin au Premier ministre

Peter J. Cashin to Prime Minister

St. John's, January 26, 1949

My dear Prime Minister,

I am enclosing herewith copy of a letter which I wrote to Hon. C. J. Burchell, the High Commissioner for Canada on the 15th inst.

The contents of this communication speak for themselves, and I challenge either you or former Prime Minister King to repudiate any statement which I have made.

I reiterate my statement that your Government has been in collusion with the British Government and the Commission of Government in Newfoundland during the past few years in order to bring about this union. I repeat that both yourself and Prime Minister King have acted dishonestly in this whole matter and I leave it to history to confirm this statement.[125]

Yours very truly,

PETER J. CASHIN

855. 2828-40

Extrait d'un télégramme du haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Extract from Telegram from High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 62 St. John's, January 27, 1949

TOP SECRET. Your confidential teletype No. 60 of January 25th.

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[125]Les notes suivantes étaient écrites sur cette lettre:

[125]The following notes were written on this letter:

To be seen by Mr. Diefenbaker. ST. L[AURENT]

Seen by Mr. Diefenbaker. W. R. M[ARTIN]

After consultation with Walsh, have decided not to acknowledge receipt of Cashin's letter. He says practice is not to acknowledge receipt of insulting letters. I find that Cashin has mailed hundreds, if not thousands, of copies. I am rather pleased at this as letter is so silly it answers itself. Burns Curry has already made a statement about family allowances and situation is well understood here. In his next statement he will give an indirect reference to the fact that Canadian Government is paying all postage, both on outgoing and incoming mail. When Veterans Affairs Department get started here next month, they will explain necessity of making early arrangements for obtaining names of veterans in advance of April 1st; the same also in the case of unemployment insurance. Would prefer such statements to be issued here rather than from Ottawa. I think it a mistake for announcements to be made from Ottawa, as in the case of family allowances despatch this morning.

. . .

856. 2868-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 166 St. John's, January 28, 1949

Sir,

I have the honour to report that Dr. E. J. Pratt of Victoria College visited Newfoundland this week. He came here on the invitation of the Newfoundland St. Andrew's Society to propose the toast to the "Immortal Memory" at the Burns Night dinner on January 25th.

2. Burns Night has become such a feature of Newfoundland life that for the last five or six years a public holiday has been proclaimed on January 25th throughout Newfoundland.

3. All radio stations in Newfoundland carry the whole programme of the Burns Night dinner which continues from 8:15 until 11 o'clock, and I am told that practically every radio in Newfoundland is in operation and a very large proportion of the population listen in to the proceedings.

4. Dr. Pratt is an old friend of mine and is the brother of C. C. Pratt who is one of the most outstanding men in the business and social life of Newfoundland. Dr. Pratt at first refused to accept the invitation to be present on Burns Night, on account of the long distance and the sometimes difficulty of air travel at this time of the year. I however brought some pressure to bear on him through Dr. Sydney Smith, President of Toronto University, and he finally agreed to come.

5. Until his present visit it was largely the case of a prophet not being without honour except in his own country. He had not paid a visit to Newfoundland for over twenty years.

6. I arranged that Mr. Brockington should send me a cable from London about him, which I turned over to the St. Andrew's Society. A copy of the cable as published in the *Daily News* is enclosed herewith.†

7. I also arranged to send some information about Dr. Pratt to both daily newspapers, which formed the basis of two excellent editorials which were published about a week before his arrival here.

8. I am enclosing herewith copy of the address which was delivered by Dr. Pratt on Burns Night.† I am also enclosing report of another speech† which he made while in Newfoundland to one of the Roman Catholic schools here, in which you will note he made reference to and quoted from one of his finest poems "Brébeuf and His Brethren."

9. I think before he leaves here on Saturday that he will possibly have made five or six addresses.

10. I listened to his address before the Rotary Club on his reminiscences on his early days in Newfoundland, and it was an excellent address. It was recorded in the radio studio and was broadcast in full last evening.

11. I had Dr. Pratt as a guest at my house for dinner on Wednesday evening, the other guests being his brother and the Governor and Lady Macdonald, together with the Governor's Private Secretary, Kenneth Macdonald, and Miss Macdonald.

12. Dr. Pratt was very much impressed with his visit to Newfoundland and with the warmth of the welcome which was extended to him here. From this time on he will certainly not be without honour in his native land.

13. I am also enclosing copies† of the address of the Governor of Newfoundland delivered on Burns Night and an extract from an address of Sir Albert Walsh.[126]

14. Sir Albert in his address took it for granted that union with Canada would become effective on March 31st and the whole theme of his address was the great necessity for men of ability and understanding to become candidates for Seats in the Provincial Legislature. He pointed out that the future prosperity of Newfoundland may very well rest with the men who constitute the first Legislature.

I have etc.

C. J. BURCHELL

857. 2828-40

Le haut commissaire en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

High Commissioner in Great Britain to Secretary of State for External Affairs

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[126]La liste d'honneur du Roi du 1er janvier 1949 avait accordé ce titre à M. Walsh.

[126]The King's Honours List of January 1, 1949, had announced that a knighthood had been conferred on Mr. Walsh.

TELEGRAM 255 London, January 29, 1949

RESTRICTED. My telegram No. 181 of January 20th, union with Newfoundland.

A. P. Herbert did not win a place in the ballot for time for private members bills and, therefore, his Newfoundland Liberation Bill will not be introduced in the House of Commons.

2. I understand that there is nothing to prevent a member of the House of Lords introducing this or any other bill but there has been no indication so far that this bill will be introduced in the House of Lords.

3. Although Herbert cannot introduce his bill in the House of Commons he may win time for a debate on the general subject in the House of Commons. Such time is available almost every day to private members on the debate on the adjournment. However, even if Herbert wins some of this time he cannot use it to introduce a bill.

858. L.S.St.L./Vol. 61

Le Premier ministre à Peter J. Cashin

Prime Minister to Peter J. Cashin

Ottawa, February 4, 1949

Dear Mr. Cashin,

I have received your letter of January 26.

In case you might think that silence on my part would enable you to claim that the statements with regard to myself and the Right Honourable W. L. Mackenzie King in your letter of January 15th to the High Commissioner for Canada in Newfoundland have gone unchallenged, I wish to say that I do challenge each and all of the references to myself and Mr. King.

Yours sincerely,

LOUIS S. ST. LAURENT

859.

Extraits des débats de la Chambre des Communes[127]

Extracts from Debates of the House of Commons[127]

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[127]Canada, Chambre des Communes, *Débats*, 1949, volume 1, pp. 293-316. Le débat a eu lieu le 7 février.

[127]Canada, House of Commons, *Debates*, 1949, Volume 1, pp. 283-305. The debate took place on February 7.

TERRE-NEUVE

APPROBATION DES CONDITIONS DE L'UNION AVEC LE CANADA

Le très hon. L. S. ST. LAURENT (premier ministre) propose que la Chambre se forme en comité pour étudier la résolution suivante:

La Chambre décide qu'il y a lieu de présenter un projet de loi en vue de l'approbation par le Parlement des conditions de l'union de Terre-Neuve au Canada. La mise à exécution de ces conditions comportera une imputation sur le Fonds du revenu consolidé du Canada et le paiement de certaines sommes à même ce Fonds.

. . .

Il reste encore à franchir quelques étapes avant que soit réglée la question de l'admission de Terre-Neuve dans la Confédération, à titre de dixième province. On espère que cette entrée se fera le 31 mars. Il est prévu qu'avant d'entrer en vigueur, l'accord doit recevoir l'approbation du Parlement canadien et du gouvernement de Terre-Neuve et être ratifié par le Parlement du Royaume-Uni.

Les honorables députés savent que le Parlement du Royaume-Uni ne peut adopter une loi touchant le Canada que si le préambule déclare que cette loi est édictée avec le consentement et à la demande des chambres du Parlement du Canada. C'est là une disposition expresse du Statut de Westminster. Afin de terminer le travail entrepris en vue de parachever ainsi le projet primitif de Confédération, il faudra que le Parlement du Canada adopte une loi ratifiant les termes de l'accord, que le gouvernement de Terre-Neuve les ratifie également et qu'une loi du Royaume-Uni les confirme. Toutes ces étapes doivent être franchies avant le 31 mars, parce que les termes de l'accord sont régis par l'article 50, qui se lit ainsi:

Sous réserve de leur approbation par le Parlement du Canada et le gouvernement de Terre-Neuve, il est convenu des présentes clauses, qui prendront effet nonobstant la loi dite *The Newfoundland Act, 1933*, ou tout décret émis en conformité de cette dernière loi, et qui entreront en vigueur immédiatement avant l'expiration du trente et unième jour de mars 1949, si Sa Majesté a sanctionné, avant cette date, une loi du Parlement du Royaume-Uni de Grande-Bretagne et d'Irlande du Nord confirmant lesdites clauses.

Voilà la disposition qui régit l'entrée en vigueur de ces conditions. Si cette disposition n'était pas respectée, les conditions ne pourraient entrer en vigueur.

NEWFOUNDLAND

APPROVAL OF TERMS OF UNION WITH CANADA

Right Hon. L. S. ST. LAURENT (Prime Minister) moved that the house go into committee to consider the following resolution:

That it is expedient to present a bill for the approval by parliament of the terms of union of Newfoundland with Canada. The implementation of these terms will involve a charge upon and payment out of moneys in the consolidated revenue fund of Canada.

. . .

There are still certain stages required to complete this matter of the entry of Newfoundland into confederation as a tenth province. The target date has been set as March 31, and the agreement requires that to come into effect it must first of all receive the approval of the Canadian parliament and of the Newfoundland government, and must also be confirmed by action of the parliament of the United Kingdom.

As hon. members know, in order that there may be passed by the parliament of the United Kingdom any law affecting Canada, it must be stated in the preamble that it is done with the acquiescence and at the request of the houses of the Canadian parliament. That is one of the express provisions of the Statute of Westminster. In order to finish the work that is being done to bring about this completion of the original scheme of confederation, it will be necessary that there be passed by the parliament of Canada a statute ratifying the terms of the agreement and that they be also ratified by the government of Newfoundland, and that they be confirmed by a statute of the United Kingdom. All this must be done before March 31 because the terms of agreement are conditional. The words used in section 50 are as follows:

These terms are agreed to subject to their being approved by the parliament of Canada and the government of Newfoundland; shall take effect notwithstanding the Newfoundland Act, 1933, or any instrument issued pursuant thereto; and shall come into force immediately before the expiration of the thirty-first day of March, 1949, if His Majesty has theretofore given his assent to an act of the parliament of the United Kingdom of Great Britain and Northern Ireland confirming the same.

That is the condition upon which these terms can come into force, and if the condition were not fulfilled these terms could not come into force.

Pour que le Parlement du Royaume-Uni adopte une loi il faudra que soit soumise à Sa Majesté le Roi une adresse conjointe, émanant de la Chambre et de l'autre endroit, le priant de proposer la mesure législative pertinente au Royaume-Uni. J'imagine que le Parlement du Royaume-Uni [Canada] voudra étudier avec soin, voire discuter assez longuement, les conditions du rattachement de Terre-Neuve au Canada. Si toutefois il décide que ces conditions doivent être approuvées par une loi du Parlement canadien, l'adoption de l'adresse à Sa Majesté deviendra simple formalité, car cette éventualité est déjà prévue par les conditions de l'union qui, à ce moment-là, auront été sanctionnées par le Parlement canadien grâce à un statut spécial. J'espère donc qu'une longue discussion sur l'adresse sera inutile. Le Parlement canadien ayant conclu, comme je l'espère du moins, à l'opportunité d'accepter ces conditions d'union, il faudra que soit adoptée avant le 31 mars une loi modifiant le libellé de certains statuts canadiens d'ordre général de façon que ceux-ci s'appliquent à Terre-Neuve après l'union. Cette question, néanmoins, ne devrait pas, pour l'instant, nous préoccuper outre mesure.

Les conditions de l'union stipulent que les lois de Terre-Neuve demeureront en vigueur jusqu'à ce qu'elles soient abrogées ou modifiées par l'organisme ayant l'autorité voulue en vertu de la répartition des pouvoirs prévue dans l'Acte de l'Amérique du Nord britannique, et que les lois du Canada deviendront en vigueur à des dates que devra fixer, par proclamation, Son Excellence le gouverneur en conseil. Les délégués de Terre-Neuve ont demandé qu'il en soit ainsi, car il serait incommode, à leur avis, que toutes les mesures inscrites au recueil des lois du Canada entrent en vigueur en même temps. On ne peut mettre cette législation en vigueur, tant que l'union ne sera pas consommée, à la dernière minute du 31 mars 1949. Ils ont pensé qu'il y aurait peut-être lieu de proclamer l'application immédiate d'une certaine partie de ces lois, mais qu'à l'égard de certaines autres, il fallait prendre des dispositions pour les appliquer comme il convient et qu'il sera par conséquent opportun de les mettre graduellement en vigueur lorsque les rouages administratifs voulus auront été établis, afin d'en assurer le respect et l'exécution.

Peut-être se demande-t-on pourquoi il est nécessaire que le Parlement du Royaume-Uni adopte une loi confirmant l'entrée de Terre-Neuve dans la Confédération. Il y a deux raisons à cela. La première, c'est que, en ce qui concerne le

The passage of an act of the parliament of the United Kingdom will require joint addresses of this house, and of the other place, to His Majesty, asking him to submit to the parliament of the United Kingdom the appropriate legislation. I would imagine that this house will wish to consider very carefully, and perhaps debate at some length, the terms of union of Newfoundland with Canada. However, if this parliament comes to the conclusion that these terms should be approved by a statute of the Canadian parliament, the adoption of the addresses to His Majesty the King will become a mere formality, because the matter is already covered by the terms of union, which by that time will have received the sanction of the parliament of Canada by a Canadian statute. Therefore, I would hope that there would not need to be much debate upon the joint address. After the parliament of Canada has come to the conclusion, as I hope it will, that these terms of union should be accepted, there will also be required — but it need not, in my view, give us very much concern at the present time — to be passed before March 31 a bill making changes in language in the general Canadian statutes which will be appropriate and which will after the union be designed to apply to Newfoundland.

The terms of the union provide that the legislation of Newfoundland will remain in effect until it is repealed or modified by the appropriate body having jurisdiction under the division of powers provided for in the British North America Act, and that the Canadian legislation will come into effect upon dates to be fixed by proclamation of His Excellency the governor in council. That was requested by the delegation from Newfoundland because they said it would be inconvenient to have the whole body of statute law of Canada come into force at one given moment. Nothing can be done to bring that body of law into force until the union has become effective the last minute of March 31, 1949. They felt that there should be a proclamation immediately bringing a certain portion of these laws into effect, but that there were others for which preparation for proper administration would have to be made, and that it would be desirable to provide that they might be gradually brought into effect as the proper administrative machinery had been set up to enable them to be followed and carried out.

Perhaps the question may arise as to why it is necessary to have a statute passed by the parliament of the United Kingdom to confirm the entry of Newfoundland into Canada. There are two reasons for that. One is that this does in fact,

Canada, le geste équivaut de fait, — bien qu'il n'en soit peut-être pas ainsi en principe, — à une modification des conditions de l'Acte de l'Amérique du Nord britannique ou à une dérogation à ces conditions.

Les députés se rappellent que l'article 146 de l'Acte de l'Amérique du Nord britannique porte que Terre-Neuve peut être admise dans la Confédération à la suite d'adresses conjointes des Chambres du Parlement du Canada et de Terre-Neuve et d'ordre de Sa Majesté (alors la reine), suivant l'avis de son conseil au Royaume-Uni. Cette fois il n'a pas été possible, même s'il eut été opportun de le faire, de procéder exactement de la façon prévue à l'article 146, car la colonie de Terre-Neuve n'avait pas de chambres du Parlement; en second lieu, il n'aurait peut-être pas été opportun de recourir à cette méthode parce que depuis lors, en raison de l'évolution constitutionnelle consacrée par le Statut de Westminster, Sa Majesté, suivant l'avis de ses ministres responsables au Parlement du Royaume-Uni, n'exerce plus sur le Canada les prérogatives de la couronne.

En vertu de l'état de choses ou des circonstances nouvelles qui nous ont valu le Statut de Westminster et qui sont consignés dans les termes mêmes de ce statut, Sa Majesté, à l'égard des affaires du Canada, exerce ses prérogatives de l'avis de ses ministres responsables au Parlement canadien, et de leur avis seulement.

La deuxième raison, c'est que c'est le gouvernement du Royaume-Uni, responsable au Parlement du Royaume-Uni, qui reste en définitive comptable de la gestion des affaires de la colonie de Terre-Neuve. D'aucuns peuvent penser que le Canada, en vertu de la décision de son propre Parlement, est autorisé à agrandir son propre territoire, mais même si le Parlement du Canada jouit aux termes du Statut de Westminster des mêmes droits dans le domaine international que le Parlement du Royaume-Uni en ce qui concerne l'adoption de lois ayant des effets exterritoriaux, le Parlement du Canada pourrait difficilement au moyen d'une loi s'adjoindre un territoire qui relèverait de l'autorité législative et administrative d'une autre nation autonome. Nonobstant toutes les subtilités de la procédure qu'on pourrait invoquer à ce sujet, les relations entre le Canada et le Royaume-Uni ne permettraient ni à l'une ni à l'autre partie d'envisager une façon d'agir si discourtoise.

Nous avons donc pensé que le précédent établi, lorsqu'on a apporté des modifications au régime des ressources naturelles en la possession des

though it may not in form, amount to an amendment to, or a derogation from, the terms of the British North America Act in so far as Canada is concerned.

Hon. members will recall that under section 146 of the British North America Act it was provided that Newfoundland might be admitted into the confederation upon joint addresses of the houses of parliament of Canada and of Newfoundland by order made by, then Her Majesty, on the advice of her council of the United Kingdom. This time it was not possible to comply, even if it had been desirable to do so, with the exact terms of the procedure set out in section 146, because there were no houses of parliament of the colony of Newfoundland; and secondly, it might not have been desirable to have that procedure resorted to because, since the enactment of the Statute of Westminster and as a consequence of constitutional developments, His Majesty, on the advice of his ministers responsible to the parliament of the United Kingdom, no longer exercises the prerogatives of the crown over Canada.

His Majesty now, by reason of the situation or development which brought about the Statute of Westminster, and which is registered in the terms of the Statute of Westminster, exercises the royal prerogative in respect of Canadian affairs upon, and only upon, the advice of his ministers responsible to this parliament.

The second reason is that at the present time the government of the United Kingdom, responsible to the parliament of the United Kingdom, still has the ultimate responsibility for the affairs of the colony of Newfoundland. And though it might be thought that Canada, on the decision of its own parliament, should be entitled to add to its territory, and though under the Statute of Westminster the parliament of Canada has the same rights, recognized internationally, to make laws having extraterritorial effect as has the parliament of the United Kingdom, a law of the parliament of Canada would hardly reach out and gather in a territory that was subject to the legislative and administrative jurisdiction of another autonomous nation. And whatever may be the fine points of technical procedure in that regard, the relations between Canada and the United Kingdom are not such that anything which would appear so discourteous would be considered on either side.

It was felt therefore that the most expeditious procedure might be to follow the precedent which had been established when changes were

provinces de l'Ouest, pourrait être la procédure la plus expéditive à suivre en l'occurence. L'entrée des provinces de l'Ouest dans la Confédération s'était faite conformément aux termes de l'Acte de l'Amérique du Nord britannique; mais on s'aperçut que s'il devenait opportun de modifier ces termes, leur modification constituerait une dérogation aux dispositions expresses de l'Acte de l'Amérique du Nord britannique. Afin que cette modification pût s'effectuer sans laisser le moindre doute qu'elle avait été faite de façon à ne pouvoir être contestée efficacement devant les tribunaux, des accords furent conclus entre le gouvernement du Dominion et celui de chacune des provinces des Prairies. Ces accords renfermaient des clauses fort semblables à l'article 50 dont j'ai donné lecture à la Chambre. Ils étaient subordonnés à l'approbation du parlement fédéral et des législatures des provinces intéressées, et devaient être confirmés par un acte du Royaume-Uni.

Voilà la façon de procéder qu'on a adoptée à l'époque. Elle a fonctionné de telle sorte que personne n'a cherché à la mettre en doute. Elle n'exige que de courts projets de loi, qui, dans le cas du Canada, se résument à peu près à la mention de la ratification des conditions de l'accord entre Terre-Neuve et le Canada jointes au projet de loi à titre d'annexe. Pour ce qui est du parlement anglais, ces bills portent que les conditions formeront une annexe à la loi dont sera saisi ce dernier, si le Parlement canadien décide de poursuivre le projet.

Il en résultera que toutes les conditions de l'union auront force de loi pour tous les Canadiens, tant ceux des neuf provinces actuelles que ceux qui, en vertu de cette confirmation, deviendront les Canadiens de la dixième province du Canada.

Je ne crois pas devoir discuter maintenant les conditions de l'union. Les honorables députés devront, j'en suis sûr, les discuter longuement. Cependant, il me sera peut-être permis de parler des aspects généraux des problèmes que nous avons dû étudier. Nous nous sommes rendus compte de prime abord que ces problèmes étaient peut-être encore plus complexes que ceux qui se sont présentés aux auteurs de la Confédération en 1867 et au cours du mois qui précéda l'adoption de l'Acte de l'Amérique du Nord britannique.

Les colonies qui étaient représentées à la conférence de Québec en 1864 s'étaient développées de la même façon et étaient organisées de la

made with respect to natural resources in the possession of the western provinces. There the entry of the western provinces into confederation had been accomplished in accordance with the terms of the British North America Act. However, it was found that when it became advisable to modify those terms, their modification would constitute a derogation from the express provisions of the British North America Act. In order to bring that modification about in such a manner as to leave no doubt in any mind that it was done in a form beyond successful contestation before the courts, agreements were made between the government of Canada and the governments of each of the western provinces. The agreements contained clauses very similar to this section 50 which I have read to the house. Those agreements were to be subject to the approval of the Canadian parliament and the approval of the legislature of the province concerned, and confirmed by an act of the United Kingdom.

That was the procedure adopted at that time. It is a procedure which operated in a manner that no one has been tempted in any way to test. It is a procedure which requires short bills, in the case of the Canadian parliament, expressing, more or less, only that the terms of agreement of Newfoundland with Canada annexed to the bill as a schedule are ratified and, with respect to the parliament of the United Kingdom, that those terms shall be a schedule to the act which will be introduced before the parliament of the United Kingdom, if and when this parliament sees fit to proceed further with the matter.

The result will be that everything contained in the terms of union will have the effect of law for all the Canadian people, those who now constitute the inhabitants of the nine present provinces and those who, by virtue of that confirmation, will become the Canadians of the tenth Canadian province.

I do not think I should attempt at this time to deal with the terms of union. They will have to be dealt with at some length, I am sure, by hon. members. Perhaps however I may be permitted to refer in a general way to some aspects of the problems we had to consider. We found at the outset that those problems were perhaps even more complex than the ones with which the fathers of confederation had to deal in 1867, and in the months which preceded the adoption of the British North America Act.

The colonies represented at the Quebec conference in 1864 were similar in their development, and similar in their financial and tax structure. It

même façon au point de vue financier et au point de vue des impôts. Il ne fallut pas de changement considérable pour répartir des pouvoirs qui étaient à peu près les mêmes dans toutes les colonies qui s'unissaient, c'est-à-dire partager les pouvoirs entre l'autorité centrale qui allait en exercer une partie, et les législatures provinciales, qui auraient compétence à l'égard du reste.

Toutefois, il existait en 1948, entre le Canada et Terre-Neuve, des différences fort marquées, tant au point de vue du régime fiscal qu'à celui des modalités d'administration. Ces différences devaient être conciliées avec la base première de notre constitution, l'Acte de l'Amérique du Nord britannique. Je puis dire qu'il n'y a pas eu de dérogations sérieuses aux dispositions de cette dernière mesure. Il s'en est produit une à propos de l'instruction publique. L'Acte de l'Amérique du Nord britannique pourvoit à l'octroi de certaines garanties aux écoles confessionnelles. Toutefois ces garanties s'accompagnent du droit d'appel auprès du gouverneur en conseil, dans l'éventualité d'actes comportant leur violation.

Le temps a démontré qu'un appel auprès du gouverneur en conseil à l'égard de questions fort controversables, lorsqu'elles se rattachent aux croyances de gens sincères qui n'ont pas les mêmes opinions sur le culte à rendre au Créateur, ne constitue pas une sauvegarde efficace.

En ce qui concerne cet accord, nous avons déclaré aux délégués de Terre-Neuve que nous ne prétendions nullement exercer ou réclamer la régie de leur régime scolaire. Nous leur avons dit que nous n'avions aucune régie en la matière et que nous n'imposerions pas comme condition de leur rattachement au Canada l'obligation de nous céder une certaine influence sur leur autorité centrale en matière d'instruction publique.

La situation ne ressemblait pas à celle qui existait au moment où l'on a créé de nouvelles provinces à même les territoires. A cette époque, le Parlement était habilité à légiférer en matière d'enseignement, pouvoirs qu'il cédait aux nouvelles provinces. On a cru bon, alors, de conserver une partie de ces pouvoirs, afin d'assurer le respect des garanties constitutionnelles qu'on voulait insérer dans les constitutions des nouvelles provinces.

Mais, en ce qui concerne Terre-Neuve, l'Assemblée législative possédait au moment où furent entamés les pourparlers une autorité complète et exclusive à l'égard du régime d'enseignement. Cette autorité, elle la possède encore aujourd'hui. Nous avons dit aux Terreneuviens que s'ils voulaient insérer pour satisfai-

required no great change to divide powers which were practically the same in all the colonies which were coming together — that is, to divide them between the central authority, which would exercise one portion, and the provincial legislatures which would have jurisdiction over the other.

But between Canada and Newfoundland in 1948 there were great differences in the system of taxation and in the administrative structure. Those differences had to be harmonized with the existing fundamental basis of our constitution, the British North America Act. And I may say that there have been no substantial departures from the provisions of the British North America Act. There has been one in connection with education. In the British North America Act provision is made for certain guarantees for denominational schools. But the sanction of those guarantees is an appeal to the governor in council, if anything is done in violation of them.

The experience of the years has been that an appeal to the governor in council over matters which become highly controversial, when they involve the religious beliefs of honest people of diverging views about the way they should worship their Maker, is not an effective safeguard.

With respect to this agreement the delegation from Newfoundland was told that of course we did not pretend to exercise or to ask for any control over their school system. We had none; and we were not going to make it a condition of their entry into Canada that they should give us some control in the central authority as to their education.

The situation was not the same as it was when new provinces were created out of the territories. When the new provinces were created out of the territories this parliament had legislative control over the educational system, and it was turning over that legislative control to the new bodies. It was felt to be fitting at that time that it should retain some portion of that control to ensure respect for the constitutional safeguards which were being written into the constitutions of those new provinces.

But with respect to Newfoundland, they had at the time of the negotiations, and they have today in their legislative body, full and exclusive control over their educational system. But we said to them, "If, for the satisfaction of your own people, you do wish to have constitutional safeguards written into the terms of union, we will be

re leurs habitants, des garanties constitutionnelles dans les conditions de l'union, nous étions disposés à examiner celles qu'ils proposeraient. Ils ont opté pour des garanties constitutionnelles, à condition que leur application fût laissée aux tribunaux.

Il est prévu que l'Assemblée législative jouira d'une juridiction exclusive sur toutes les questions concernant l'instruction publique, mais qu'elle ne pourra pas édicter de lois pouvant léser ce qu'on appelle, dans les conditions de l'union, les droits des confessions religieuses de la population de Terre-Neuve. L'Assemblée législative ne peut porter atteinte à aucun de ces droits. C'est aux tribunaux qu'il appartiendra de trancher ces questions. Si jamais elle tentait de légiférer à l'encontre des conditions de l'union, l'appel ne serait pas interjeté devant Son Excellence le Gouverneur général en conseil mais serait du ressort des tribunaux judiciaires de Terre-Neuve d'abord, et ensuite des tribunaux ordinaires chargés de faire respecter les lois du pays.

L'autre dérogation a trait à l'oléomargarine. L'industrie laitière de Terre-Neuve compte pour très peu et depuis des années la population consomme l'oléomargarine produite de matières premières obtenues sur place. Au moment des pourparlers, la Cour suprême du Canada n'avait pas encore statué que le Parlement fédéral n'avait pas le pouvoir de légiférer à l'égard de cette denrée comme il l'a fait dans la loi sur l'industrie laitière. Nous sommes convenus que le Parlement ne chercherait pas à empêcher la population de Terre-Neuve de continuer à faire usage de la margarine, vu qu'elle n'est pas en mesure de se procurer la denrée que plusieurs considèrent comme meilleure, c'est-à-dire le beurre tiré du lait. Mais, il a été aussi entendu que, tant que l'interdiction qui frappe la fabrication et la vente de la margarine ne cessera pas dans les autres provinces du Canada, si elle doit cesser, les habitants de Terre-Neuve n'en expédieraient pas dans ces provinces. Peut-être n'aurions-nous pas jugé nécessaire d'aborder cette question, eussions-nous connu le jugement de la Cour suprême au moment des négociations. Dans certains milieux, on croyait plutôt condamnable la création de cette situation particulière à l'égard de Terre-Neuve mais, somme toute, je pense que l'achèvement du plan de la Confédération intéresse plus le public canadien en général que la question de savoir si tel ou tel habitant d'un village ou d'une ville de Terre-Neuve aura le droit de manger de la margarine plutôt que du beurre.

quite prepared to consider those you will suggest." The treatment they suggested was constitutional safeguards, but constitutional safeguards the application of which will be left to the courts of justice.

It is provided that the legislature will have exclusive control over all educational matters but must not make any laws that would prejudice what is described in the terms of union as the rights of the denominations which comprise the people of Newfoundland. The legislature has no power to do anything prejudicial. Review will be a matter for the courts. If there ever should be an attempt by the legislature to do anything that would contravene the terms of the union it will not be a matter of appeal to His Excellency the governor in council. It will be a matter for resort to the courts of justice of the island of Newfoundland in the first instance, and then to the ordinary courts administering the laws of the country.

The other departure had to do with oleomargarine. In Newfoundland the dairy industry is very small, and over the years the people of Newfoundland have been using oleomargarine produced from raw materials available in their own economy. At the time of the negotiations the Supreme Court of Canada had not decided that this parliament has no jurisdiction to deal with oleomargarine in the form set out in the Dairy Industry Act. We agreed that there would not be any attempt by this parliament to prevent the people of Newfoundland from continuing to use oleomargarine, because they are not in a position to get the article which many of us regard as more desirable, butter produced by the dairy industry. But it was also provided that, unless and until the manufacture and sale of oleomargarine ceases to be prohibited in the other parts of Canada, they would not ship any of their oleomargarine into the other provinces. Perhaps we would not have felt it was necessary to talk about that problem at all if the judgment of the supreme court had been available at the time negotiations were proceeding. There was a feeling that it was somewhat undesirable to have this special situation with respect to Newfoundland, but after all I think the completion of the scheme of confederation is of more concern to the general Canadian public than is the question of determining whether Mr. John Jones or Mr. Tom Allen, residing in one of the villages or towns of Newfoundland, shall have the right to use oleomargarine instead of having to use butter.

Je crois que ce sont là les seules exceptions à la règle commune, puisque, de façon générale, les Terre-neuviens, qui se sont prononcés en faveur de l'entrée de leur pays dans la Confédération, désiraient devenir citoyens canadiens, soumis aux mêmes lois et jouissant des mêmes grands avantages qui sont le patrimoine des citoyens des neuf autres provinces du Canada.

Je passe aux dispositions d'ordre financier. Quel problème! La population de Terre-Neuve ne voulait pas devenir province du Canada à des conditions qui ne lui auraient pas donné une assurance suffisante qu'elle pourrait administrer ses affaires et participer aux avantages dont jouissent les Canadiens en général. De notre côté, nous désirions établir des dispositions d'ordre financier qui nous donneraient la probabilité, sinon la certitude, que l'adjonction de Terre-Neuve à notre économie serait, en définitive, avantageuse aux deux parties intéressées, aux Canadiens de vieille date et aux nouveaux venus. Après un examen plus attentif et plus approfondi des problèmes administratifs qu'aurait à résoudre le gouvernement de la province de Terre-Neuve, nous avons constaté que les conditions proposées en octobre 1947 ne suffiraient pas, au début, pour permettre à la province de veiller aux besoins de sa population suivant les mêmes normes que celles dont jouissent les autres provinces du pays. On a jugé qu'il fallait des subventions provisoires assez considérables, réparties sur une échelle décroissante pendant douze ans, pour faire la transition entre le régime économique actuel de l'Île et le genre d'économie qui permettrait au gouvernement provincial de fournir à la population de Terre-Neuve à peu près les mêmes services que les autres provinces assurent au reste des Canadiens, sans recourir à un impôt plus lourd, — compte tenu de la capacité de payer, — que celui qu'acquitte la population des provinces Maritimes. Il nous a paru que la partie de l'économie canadienne, connue généralement sous le nom des provinces Maritimes, pouvait le mieux se comparer aux conditions à prévoir dans Terre-Neuve, et que, durant une période de transition, il faudra fournir au gouvernement de Terre-Neuve des sommes suffisantes pour établir et perfectionner des services comparables à ceux dont jouissent les habitants des provinces Maritimes, et cela sans imposer aux habitants de Terre-Neuve un fardeau plus lourd que celui que supporteront les habitants des provinces Maritimes.

Il a été possible, à la suite de longs pourparlers, d'arrêter le plan, énoncé aux termes de l'union et

I think those are the only departures from the general scheme, because in a general way it was the desire of those people of Newfoundland who favoured entry into Canada to become Canadian citizens, subject to the same laws and entitled to the same great privileges that are the heritage of Canadian citizens of the nine other provinces.

I come now to the matter of financial terms. That was a tough one. The people of Newfoundland did not want to become a province of Canada under conditions which would not make it reasonably probable that they could carry on successfully, and participate in the advantages which appertain to Canadians generally. We on our side wanted to provide financial terms which would make it reasonably probable, if not certain, that the addition of Newfoundland to the economy of Canada would ultimately prove to be beneficial to both partners, to the older Canadians and to the newer arrivals. It was found, after more precise and careful study of the administrative problems that would be faced by the government of the province of Newfoundland, that the terms suggested in the offer submitted in October, 1947, would not be sufficient at the start to enable the provincial government to provide for its people on a basis comparable to that which is provided by the other Canadian provinces. It was felt there had to be quite substantial provisional grants, extending over a period of twelve years on a diminishing scale, to bridge the transition from the present economy of the island to the kind of economy which would make it possible for the provincial government to provide the people of Newfoundland with substantially the services that are provided for the rest of the Canadian people by their provincial governments, without resorting to a burden of taxation heavier, having regard to capacity to pay, than that which bears upon the people of the maritime region. The section of the Canadian economy generally described as the maritimes was felt to be the one which would be most nearly comparable to the situation which would be apt to develop in Newfoundland. It was felt that for a transitional term the government of Newfoundland had to be provided with sufficient funds to establish and develop services comparable to those available to the people of the maritime region, and that it had to be able to do so without imposing upon the people of Newfoundland a burden of taxation heavier than that prevailing in the maritime region.

After long negotiations it proved possible, I think, to arrive at the scheme which is set out in

capable d'atteindre cet objectif. Or la prévision n'a pas tous les avantages de la rétrospection. Il a aussi été prévu qu'avant l'expiration d'un délai de huit ans à compter de la date de l'entrée en vigueur de l'union, une commission sera chargée de réétudier la situation afin d'établir si l'application des termes prévus est satisfaisante et de nature à rendre l'existence des gens de la nouvelle province pareille à celle des habitants des anciennes provinces. Il n'y a aucune obligation de donner suite aux voeux qu'une commission royale pourra formuler à ce moment. Les députés de Terre-Neuve et ceux du Canada, voyant dans la mesure un témoignage de bonne foi des deux parties, n'ont pas jugé nécessaire de constituer des dispositions obligatoires sur les conséquences du rapport d'une commission royale. Il a été jugé que si une commission jouissant de la confiance du public, menait une enquête et publiait un rapport, on pouvait fort bien faire confiance aux législateurs de l'époque et compter qu'ils prendront les mesures nécessaires pour que ce pays agrandi soit un pays uni, qui continue à progresser dans la voie de sa noble destinée.

A ce moment-là bien des gens à Terre-Neuve ont exprimé l'avis que le gouvernement du Royaume-Uni aurait dû procéder autrement. Selon eux, il aurait dû rétablir immédiatement le gouvernement responsable et s'en remettre à celui-ci pour négocier un rattachement possible au Canada. Le gouvernement du Royaume-Uni a préféré convoquer une convention nationale des représentants élus, afin de les consulter sur la forme qu'allait prendre le gouvernement. A la suite de l'enquête de la commission, le gouvernement du Royaume-Uni a décidé de demander directement à la population de Terre-Neuve si elle désirait le rétablissement du gouvernement responsable ou si elle préférait unir sa destinée à la nôtre. Par une importante majorité, les gens de Terre-Neuve ont opté pour le rattachement immédiat à la confédération canadienne, au lieu du gouvernement responsable.

Bien entendu, cela ne nous regardait pas. Tout ce que nous avions à faire, — et je crois que nous l'avons fait avec une grande circonspection, — c'était de déclarer que nous serions heureux de voir les Terre-neuviens se joindre à nous mais que c'était leur affaire et que, s'ils décidaient de devenir Canadiens, nous serions heureux de les accueillir et de leur offrir les conditions d'union les plus équitables que nous puissions espérer fai-

the terms of union, and which is apt to achieve that result. Human foresight, however, is never as good as hindsight. It was also provided that within eight years from the coming into force of the terms of union a commission would be set up to examine the situation anew, and to report as to whether or not the terms provided are working satisfactorily and are sufficient to bring about the object of equalizing the lot of the people of the new province with that of the people of the older provinces. There is no undertaking to implement any terms of recommendation that may be made at that time by a royal commission. It was felt by the Newfoundland delegation, and by the representatives of the Canadian government, that this was something that was being entered into in a spirit of fairness on both sides, and that it was not necessary to make binding stipulations about what would happen with respect to the report of a royal commission. It was felt if there was an investigation and a report by a commission, in which the public at that time would have confidence, the legislators of that day could well be trusted to do what would prove to be right in order to make this enlarged nation a united nation continuing on its path of progress toward its great destiny.

At the time many people in Newfoundland felt that the government of the United Kingdom should have proceeded in some other way; should have at once restored responsible government and left it to a responsible government to discuss and negotiate a possible union with Canada. The government of the United Kingdom chose to call together a national convention of elected representatives, to have them advise in respect of the future form of government. After that commission had made its investigation the government of the United Kingdom decided to submit directly to the public of Newfoundland the question whether they wished to have responsible government restored or whether they wished to join us in our march toward the future. The people of Newfoundland, by a substantial majority, decided that instead of having responsible government restored they wished to have confederation with Canada immediately implemented.

As far as we were concerned, of course, it was not our business. All we had to do — and I think we did that with the most scrupulous care — was say that we would be glad to have them join with us, but that it was something which was their concern, and that if they decided they wished to become Canadians we would be glad to welcome them and to extend just as fair terms as we could hope to have ratified and confirmed by a Cana-

re ratifier et confirmer par un Parlement canadien animé des mêmes sentiments. C'est dans cet esprit que les négociations ont eu lieu.

D'après ce que j'ai lu dans les journaux depuis la signature de l'accord, la population canadienne semble presque unanimement d'avis que nous avons conclu une bonne entente et qu'il convenait en 1949 de compléter le projet que les Pères de la Confédération envisageaient en 1864. A la lecture des articles de fond parus dans les journaux de l'île, j'ai constaté que certains éléments auraient préféré le rétablissement d'un gouvernement responsable qui, par la suite, aurait discuté les conditions de l'union. Lors du referendum, toutefois, la majorité en a décidé autrement mais, sauf erreur, bon nombre des adversaires du projet sont maintenant convaincus qu'on s'est sincèrement efforcé d'offrir une proposition équitable. Ils reconnaissent, je crois, que la confédération avec le Canada devenait inévitable aussi bien à cause de la répartition qu'a faite le Tout-puissant des terres et des eaux dans la moitié septentrionale de l'Amérique du Nord, que par suite de l'évolution historique des peuples qui habitent ces régions. Ils ne sont pas étrangers l'un à l'autre; ils remontent aux mêmes souches. Ils ont évolué sous le même régime de gouvernement responsable, d'amour de la liberté individuelle, de respect de l'être humain à qui ils reconnaissent plus d'importance qu'à l'État. Ils ont assimilé l'idée que l'État existe pour l'individu et non l'individu pour l'État.

J'espère que l'entente sera bien vue du Parlement canadien, ainsi que de la vaste majorité de la population canadienne et terre-neuvienne. Nous examinons en ce moment une question d'importance primordiale. Au cours des deux dernières guerres, nous nous sommes rendus compte non seulement que nous étions étroitement liés les uns aux autres mais qu'il fallait nous unir de très près afin de survivre. Sauf erreur, habitants de Terre-Neuve et du Canada, nous croyons qu'ainsi nous serons plus en mesure de surmonter les risques et dangers d'une ère troublée que nous ne l'étions même pendant les deux dernières guerres alors que seuls les liens, non constitutionnels, de l'esprit et du coeur nous unissaient. La Chambre décidera, je le souhaite sincèrement, qu'en vue de favoriser les intérêts de nos deux peuples et de démontrer à l'univers ce que peuvent accomplir des hommes de bonne volonté, il convient de conclure l'union du Canada et de Terre-Neuve.

M. GEORGE A. DREW (chef de l'opposition): Pour faire suite aux observations du pre-

dian parliament animated by the same sentiments. And it was in that spirit that the negotiations were carried on.

From what I have been able to read in the press since the agreement was signed, there appears to be almost complete unanimity on the part of the Canadian public that this was a good arrangement to make, and that it is a good thing in this year 1949 to complete the original project envisaged by the fathers of confederation in 1864. From what I have seen of the editorial comment in the newspapers of the island, there are still those who would prefer to have had responsible government re-established and the terms of confederation discussed by and through that responsible government. In the referendum the majority decided otherwise, however; and even among the objectors I think there are now large numbers who feel there has been a sincere attempt to make a fair proposal, and that confederation with Canada has been made inevitable both by the Almighty in the distribution of the lands and waters of this northern half of the North American continent, and by the historic development of the people who have inhabited these two parts. They are not strangers to each other. They come from the same stocks. They have developed under the same system of responsible government, of love of individual freedom, of respect for the human being as more important than the state. They have developed in the view that the state exists for the individual, and not the individual for the state.

It is my hope that this arrangement will commend itself to the Canadian parliament, to the vast majority of the Canadian people and also to the vast majority of the people of Newfoundland. We are here now considering a matter of great moment. In the last two wars we realized how close we were to each other and how close we had to be in order to survive. In this troubled world I think we, both in Newfoundland and in Canada, feel that in this way our risks are more apt to be successfully met and any dangers overcome than was possible even with the non-constitutional union of spirits and hearts that united us during the last two wars. I earnestly hope it will be the view of this house that this union of Canada and Newfoundland is desirable in the interests of the people of these two lands, and as a lesson to the whole world of what can be accomplished by men of goodwill.

Mr. GEORGE A. DREW (Leader of the Opposition): Mr. Speaker, following the remarks

mier ministre (M. St-Laurent), je n'ai pas l'intention d'examiner en détail aujourd'hui les conditions de l'accord, puisque celui-ci fera l'objet d'un débat lorsque la Chambre sera saisie du projet de loi. Je m'en tiendrai uniquement à la résolution à l'étude, qui aura pour effet de saisir la Chambre du projet de loi qu'entend faire adopter le Gouvernement. Cela étant, je remets à plus tard les observations que je pourrais formuler à l'égard de quelques points soulevés par le premier ministre lorsqu'il a traité de certains aspects de l'accord; je conclus de ses observations qu'il y a lieu d'étudier avec le plus grand soin toutes les conséquences de cet accord.

Peut-être faudrait-il proposer qu'avant la présentation officielle du projet de loi et de l'accord y annexé, le Gouvernement voie s'il n'y a pas lieu de supprimer l'article se rattachant à la margarine, pour des raisons qui n'ont rien à voir avec la margarine elle-même. Le premier ministre a déclaré que le parachèvement de la confédération importe plus que la question de savoir si tel habitant de Terre-Neuve pourra manger de la margarine. Il est indubitable que cela l'emporte sur ceci, mais l'inclusion de cet article peut toucher à une question de la plus haute importance, à laquelle le Gouvernement devrait accorder toute son attention avant de nous demander de la discuter.

Il est vrai que cet article a été inscrit à l'avant-projet d'union avant que la Cour suprême du Canada ait statué sur la compétence du Parlement canadien en matière de margarine. La disposition permettant à Terre-Neuve de continuer à fabriquer de la margarine était fondée sur le fait que ce produit était déjà fabriqué là-bas.

Peu m'importent les motifs qui ont présidé l'inclusion de cette disposition. C'est qu'en effet on pose ici un principe qui, une fois adopté, s'appliquerait avec autant de force dans d'autres questions commerciales entrainant des conséquences graves. On pourrait en conclure au bien-fondé d'un principe en vertu duquel on élèverait des barrières commerciales entre les provinces canadiennes. Je crois qu'il serait bon que le Gouvernement et la Chambre réfléchissent bien au principe que comporterait l'acceptation de cette disposition de l'accord, même si, dans une certaine mesure, la décision de la Cour suprême a rendu cette discussion assez oiseuse.

L'accord comporte encore une autre disposition de nature à intéresser certains de ceux qui ont eu

of the Prime Minister (Mr. St. Laurent) it is not my intention today to deal with the terms of the agreement in any detail, because the agreement will be under discussion when the bill is before the house. I shall simply discuss the resolution before us, which will have the effect of bringing before hon. members the bill the government intends to introduce. For this reason I shall defer any comments I might make about certain references made by the Prime Minister to some features of the agreement, which to me suggest that careful consideration should be given to its full effect.

Perhaps I might go so far as to suggest that, before the bill is formally introduced and the agreement accompanying it is placed before the house, the government give consideration to the desirability of removing the section in regard to oleomargarine, for reasons which have nothing to do with the use of oleomargarine itself. The Prime Minister said the completion of confederation is more important than the question whether or not Tom Jones in Newfoundland is to eat oleomargarine. The balance of importance unquestionably is in accordance with what the Prime Minister said; but there is a very important question that may be involved in the inclusion of that section, to which I think the government should give some attention before we are asked to discuss it.

It is true that the section to which I refer was included in the draft terms of agreement before the Supreme Court of Canada had reached its decision as to the constitutional authority of the Canadian parliament to deal with restrictions on the use of oleomargarine. The provision that the manufacture of oleomargarine should be continued in Newfoundland related to the fact that already it was being manufactured there.

I am not concerned with the circumstances which led to the inclusion of this provision. What I am concerned with is that a principle is put forward which, if accepted, might apply with equal force to other matters of trade and commerce, and with serious consequences. It suggests that it is an acceptable principle to create trade barriers between provinces of Canada. Serious consideration should be given by the government and by the house to the principle involved in the acceptance of this provision of the agreement, even though the Supreme Court of Canada by its decision may to some extent have made this discussion academic.

There is one other interesting provision in the agreement which should not be disregarded by

l'occasion de se prévaloir de l'absence de restrictions semblables à leurs pouvoirs discrétionnaires. Le premier ministre a parlé des conditions de l'accord relatives aux accords financiers. Sans entrer tout de suite dans le détail de l'affaire, je voudrais signaler une autre question de principe, d'une assez grande importance. Ayant soumis aux représentants désignés de Terre-Neuve certaines propositions relatives à un accord fiscal, on a ajouté la disposition suivante:

"La conclusion subséquente d'un accord fiscal par le gouvernement du Canada et toute autre province n'autorisera pas le gouvernement de la province de Terre-Neuve à modifier les stipulations de son accord."

Le ministre actuel de la Justice (M. Garson), alors qu'il était premier ministre du Manitoba, ainsi que le premier ministre du Nouveau-Brunswick et les autres premiers ministres, qui ont réussi à obtenir des rajustements lorsqu'on a modifié d'autres accords, se seraient sentis gravement lésés si on les avaient soumis à de telles restrictions. Il me semble étrange que de toutes les provinces qui signeraient des accords au sujet du paiement de subventions en échange de pouvoirs fiscaux, la seule à laquelle on imposerait des restrictions quant à son droit de chercher à obtenir un rajustement par la suite, soit la nouvelle province de Terre-Neuve qui devrait jouir de toutes nos faveurs et de tous nos encouragements. Ce sont là, cependant, des détails qui méritent de retenir notre attention et que nous considérerons en étudiant les conditions précises de cet accord.

Comme le premier ministre l'a déjà fait remarquer, l'union de Terre-Neuve et du Canada sera la réalisation complète de la grande et audacieuse initiative prise par ceux qui se sont réunis à Charlottetown le 1er septembre 1864, avec l'espoir de faire une nation unie de toute l'Amérique du Nord britannique. Ce sera la réalisation du rêve de sir John A. Macdonald, dont les premières propositions de confédération n'ont pas été soumises à Terre-Neuve en 1864, lors de la conférence de Charlottetown, mais en 1858. Il est bon de se rappeler ici que les propositions soumises à Terre-Neuve en 1858 prennent de l'importance du fait qu'elles ont suscité la première réponse officielle favorable à l'avis exprimé par sir John qu'il fallait prendre des mesures en vue de créer une union fédérale.

Lors d'une visite à la chambre de la Confédération à Charlottetown, dernièrement, j'ai été fort impressionné, comme l'ont été, j'en suis sûr, tous les députés qui ont vu cette magnifique salle, de

some of those who have found occasion to avail themselves of the absence of any similar limitation upon their discretion. The Prime Minister referred to the terms of the agreement which relate to financial arrangements. Without going into them in detail now, I wish to point out another question of principle which is important. Having placed before the appointed representatives of Newfoundland certain proposals in regard to a tax agreement, the following provision is then included:

"The subsequent entry into a tax agreement by the government of Canada with any other province will not entitle the government of the province of Newfoundland to any alteration in the terms of its agreement."

The present Minister of Justice (Mr. Garson), while he was premier of Manitoba, the premier of New Brunswick and other premiers who succeeded in obtaining adjustments when other adjustments were made, would have felt themselves greatly injured if they had been subject to any such limitation as this. It seems unusual that the only province, among those accepting agreements in respect to the payment of subsidies in return for taxing powers, to have any limitation placed upon its subsequent right to ask for readjustment should be the new province of Newfoundland, to which we should be extending every courtesy and offering every encouragement. These, however, are details, but I suggest they are worthy of consideration and will be given consideration when we are discussing the precise terms of the agreement.

As has already been pointed out by the Prime Minister, the union of Newfoundland with Canada will represent the fulfilment of the great and challenging vision of those who met in Charlottetown on September 1, 1864, in the hope of bringing together the whole of British North America as one united nation. It will give reality to the dream of Sir John A. Macdonald, whose proposals to Newfoundland for confederation were not first made at the time of the Charlottetown conference but were in fact put forward to Newfoundland in 1858. It is well to remember the significance of the fact that these proposals which were put forward to Newfoundland in 1858 brought the first favourable official response to his contention that steps should then be taken to create a federal union.

When I had the privilege of visiting the confederation chamber in Charlottetown not long ago, I was greatly impressed, as I am sure all other members were who have visited that beautiful

lire les mots suivants inscrits sur la plaque commémorant cette réunion historique: "Ils ne croyaient pas si bien édifier." Ils ont si bien bâti que nous avons sous les yeux le résultat de la perspicacité de ces hommes qui, s'y étant assemblés en 1864, ont imaginé cette grande union de gens libres compris dans tout le territoire connu alors sous le nom d'Amérique du Nord britannique et s'étendant de l'Atlantique au Pacifique.

Macdonald, Cartier et leurs collaborateurs furent désappointés lorsque Terre-Neuve ne devint pas partie du Canada en 1867; mais ils ne doutèrent jamais de la réalisation éventuelle du projet. En soumettant de nouveau ses propositions, en 1888, Macdonald démontrait qu'on ne perdait pas l'espoir de voir Terre-Neuve se joindre au Canada. En 1895, comme on l'a signalé, on tentait de nouveau, mais sans succès encore une fois, de trouver une base d'union satisfaisante. Il n'est pas sans intérêt de noter que, chaque fois que les pourparlers furent repris, ils portaient sur la situation financière difficile dans laquelle se trouvait Terre-Neuve. Cette fois, au contraire, les négociations se sont tenues à une heure où l'île n'a jamais été aussi prospère.

A partir de cette époque-là jusqu'au moment des négociations qui ont abouti à l'accord dont nous serons saisis, un grand nombre de gens, tant à Terre-Neuve qu'au Canada, n'ont jamais douté que se réaliserait un jour l'ambition des auteurs de la Confédération de faire du Canada un grand pays s'étendant d'un océan à l'autre.

La motion à l'étude nous demande de nous prononcer sur la question de savoir si l'on doit présenter le projet de loi qui consacrera l'union de Terre-Neuve au Canada. De fait, c'est là la seule question qui nous est soumise dans cette motion. Au nom des membres du parti conservateur-progressiste et avec leur appui unanime, je me réjouis, personnellement et en leur nom, de la soumission de toutes mesures susceptibles de réaliser cette union à des conditions satisfaisantes à la fois pour la population de Terre-Neuve et pour celle du Canada. Même si nous le pouvions, il ne conviendrait pas de discuter maintenant les détails de la façon de procéder, car nous ne savons pas encore quelle est la teneur du projet de loi, ni le cours que suivra la discussion. Nous discutons simplement une résolution qui, de fait, nous invite à déclarer s'il y a lieu de continuer oui ou non d'étudier toute mesure législative nécessaire à réaliser l'union des dominions de Terre-Neuve et du Canada. Il est difficile de croire que les opinions puissent être partagées sur cette sim-

room, by these words on the memorial tablet which commemorates that historic meeting. On the tablet are these words: "They builded better than they knew." They built so well that we are seeing before us the fulfilment of the vision of those who sat there in 1864 and pictured this great union of free people embracing all the territory then known as British North America and extending from the Atlantic to the Pacific.

Macdonald, Cartier, and those associated with them, were disappointed that Newfoundland did not become part of Canada in 1867, but they never despaired of ultimate success. Macdonald's renewed proposals of 1888 gave convincing evidence of the continuing hope that Newfoundland would join with the rest of Canada. Again in 1895, as has already been pointed out, another attempt was made to find a satisfactory basis for union, but again without success. It is not without interest to note that on these earlier occasions the renewed discussions related to the difficult financial conditions in Newfoundland. The present discussions, on the contrary, have taken place in a period of greater prosperity than has ever before been experienced in the island's history.

From those earlier days up to the time of the discussions which have led to the agreement which will be before us for consideration, there has been a continuing hope in the minds of a great many people in Newfoundland and Canada that the vision of the fathers of confederation of one great nation from sea to sea would ultimately be fulfilled.

The motion now before the house calls for a decision whether the bill to bring about the union of Newfoundland with Canada is to be introduced. In fact that is the only issue before us in this motion. Speaking on behalf of all the members of the Progressive Conservative party in this house, and with their unanimous support, I wish to welcome, personally and on their behalf, the introduction of such measures as will complete this union upon terms satisfactory to the people of Newfoundland and the people of Canada. It is neither appropriate nor possible at this stage to discuss any details of the procedure, because we are still to be told what the provisions of the bill will be and the course which is to be followed in the discussion. We are now simply discussing a resolution which, in effect, asks us to express our opinion as to whether or not this house should proceed to deal with such legislation as may be required to bring about the effective union of the sister dominions of Newfoundland and Canada. On that simple question it is difficult to believe

ple question et j'espère que la proposition d'union formulée jadis par Sir John Macdonald se réalisera bientôt. J'espère que, dans l'avenir, la population de Terre-Neuve aura tout lieu d'accroître sa confiance, son amitié et sa bonne volonté envers ceux avec lesquels elle sera associée au sein d'une grande nation.

L'histoire de Terre-Neuve est vraiment remarquable. Terre-Neuve a été la première découverte en Amérique du Nord. Pendant que d'autres explorateurs retournaient en Europe d'abord avec des récits de leurs découvertes dans les Amériques et ensuite avec des cargaisons d'or provenant des terres nouvelles, Jean Cabot, qui découvrit l'île en 1497, rapporta en Angleterre et en Europe le récit de la présence non pas d'or, mais d'une nouvelle forme de richesse constituée par d'immenses bancs de poisson au large de Terre-Neuve. Cette richesse fut un nouvel attrait pour les gens aventureux de l'époque et cette richesse est demeurée le principal sujet de préoccupation de ceux qui ont colonisé et mis en valeur l'île de Terre-Neuve au cours des trois derniers siècles.

Les ressources forestières de l'île ont amené la création de grandes industries nouvelles, et en ces dernières années Terre-Neuve a allongé la liste de ses réalisations en devenant l'un des plus importants centres de navigation aérienne du monde entier. C'est un spectacle fascinant, bien propre à exciter l'imagination de tous les jeunes, tant du Canada que de Terre-Neuve, que celui du va-et-vient de gens de toutes les parties du monde, qui se rencontrent à Gander ou à Goose-Bay. Je me rappelle avoir vu, il y a quelques mois à peine, au grand aéroport de Gander, un avion qui venait d'arriver de l'Inde en route pour New-York, et un autre qui, venu de New-York, avait atterri peu de temps après le premier pour une escale de sa randonnée vers la Méditerranée. Il y avait aussi là-bas des voyageurs descendus d'avions assurant un service régulier entre la Grande-Bretagne et les États-Unis et entre la Grande-Bretagne et le Canada, de même qu'entre le continent américain et la France aussi bien que l'Italie. J'y vois l'un des exemples les plus frappants des immenses transformations qui se sont opérées depuis quelques années. Les jeunes gens de Terre-Neuve et du Canada peuvent maintenant se faire une idée de ce que signifiera pour notre pays, à l'avenir, l'expansion des services de transport aérien.

Les mines constituent également depuis longtemps une importante industrie de l'île et nous

there can be any division of opinion, and I join in expressing the hope that the proposal for union, made by Sir John Macdonald so long ago, may soon become a reality. I trust that in the years ahead the people of Newfoundland will be given every reason to have, in ever-increasing measure, confidence in and goodwill towards those with whom they will be associated within the boundaries of one great nation.

Newfoundland has a great and unique history. It was the first part of the area of North America to be discovered. While other explorers were taking back to Europe reports about and later actual cargoes of gold from the newly discovered Americas, John Cabot, who discovered the island in 1497, carried back to England and to Europe, not tales of gold but tales of immense shoals of fish off the Newfoundland banks, which revealed a new form of wealth. That wealth challenged the adventurous of those days, and it has continued to be the main concern of those who have settled and built Newfoundland during the past three hundred years.

Great new industries have been built to use the forest resources of the island and now, in recent years, Newfoundland has added to its many achievements that of becoming one of the most important centres of international air travel in the world. It is a fascinating picture, one to arouse and to stimulate the imagination of every young Canadian as well as of every young Newfoundlander, to see the movement, from every part of the world, of people whose paths cross at Gander or at Goose Bay. I recall seeing only a few months ago, at the great airport of Gander, one plane which had just arrived from India on its way to New York and another from New York putting down just afterwards on its way to the Mediterranean. There were also passengers who were already there from planes moving both ways between Britain and the United States and between Britain and Canada, and also between this continent and France and Italy. It is one of the most challenging pictures of the immense changes which have taken place within these past few years, and it gives the youth of Newfoundland and of Canada as a whole some suggestion of what the expanding use of air transportation means to this country in the years ahead.

Mining also has long been an important industry on the island, and there is every reason to

avons tout lieu d'espérer que l'intensification des recherches et de l'exploitation, qui ne manqueront pas d'être grandement accélérées grâce aux nouvelles associations qui seront formées, augmentera sensiblement la valeur des ressources naturelles de Terre-Neuve aussi bien que du Labrador.

L'île de Terre-Neuve, telle que nous la connaissons aujourd'hui, est le produit du travail inlassable et de l'esprit d'intégrité et de persévérance d'un grand peuple qui, toujours animé du plus noble dévouement envers la patrie et [*sic*], a su pratiquer les humbles vertus d'économie et de travail, plus importantes peut-être de nos jours que jamais auparavant. Grâce à l'amélioration des moyens de transport, un nombre de plus en plus grand de Canadiens pourra entrer en contact avec la population de Terre-Neuve et se rendre compte qu'elle est fière, à juste titre, de ce qu'elle a réalisé, souvent en dépit de graves difficultés.

Nos relations avec Terre-Neuve, déjà fort étroites durant les longues années de paix, se sont affermies durant la guerre. Fondée sur l'admiration et le respect mutuels, la confiance dans les bienfaits de la confédération s'est accrue tant à Terre-Neuve, qu'au Canada.

Dans les deux guerres mondiales, la population de Terre-Neuve a écrit quelques-unes des plus belles pages de sa longue histoire. J'aimerais dire quelques mots de cette contribution militaire parce qu'elle se rapporte directement au sujet à l'étude. En 1914, Terre-Neuve a eu la distinction d'être le premier des dominions à s'engager dans ce grand combat pour la liberté, qui a finalement mis aux prises le monde entier. Le 4 août, jour même de l'ouverture des hostilités, les Terreneuviens qui s'étaient volontairement engagés dans la réserve navale, ont été appelés sous les drapeaux. Le 7 août, trois jours seulement après le début du conflit, la légion des gardes-frontières, l'unique contingent militaire alors constitué à Terre-Neuve, s'est engagée volontairement pour service outre-mer. Les rangs de cette unité ont grossi pour devenir, finalement, le régiment royal de Terre-Neuve. Le 4 octobre 1914, jour dont se souviennent plusieurs députés de cette Chambre, le premier contingent de Terre-Neuve s'est embarqué à Saint-Jean à bord du navire *Florizel* pour se joindre au premier contingent du corps expéditionnaire canadien, au large de l'île Saint-Pierre. Il y a ici des députés qui se rappellent cette union significative de forces, alors que le vapeur *Florizel* s'est joint aux autres navi-

hope that further exploration and development, which undoubtedly will be greatly stepped up with the new associations that will be formed, will greatly increase the value of these resources in Newfoundland itself as well as in Labrador.

The Newfoundland we know today is the result of the hard work and the fortitude of a great people who have at all times retained the highest standards of personal integrity and public service as well as those simple virtues of thrift and hard work which are today perhaps more important than they ever were before. With improving transportation facilities, more and more Canadians have come in contact with the people of Newfoundland and know how justifiably proud the people of that island are of what they have accomplished, often under great difficulties.

Not only have our contacts with Newfoundland been extremely close during the long years of peace, but in the years of war there was an increasingly close relationship which laid the firm foundation of admiration and respect upon which has been built a widening confidence, in Newfoundland and in Canada, in the advantages of confederation.

In two world wars the people of Newfoundland wrote some of the greatest pages in their long island history, and I should like to refer to that contribution because it has a direct bearing on the subject we have under consideration today. In 1914 Newfoundland had the distinction of being the first of the dominions to commit itself to that vast struggle for freedom which ultimately enveloped the whole world. On August 4, the very day on which war was declared, Newfoundlanders who had voluntarily joined the royal naval reserve were called to the colours. On August 7, only three days after the outbreak of war, the Legion of Frontiersmen, the only military unit then organized in Newfoundland, volunteered for overseas service; and that unit became the base of a wider enlistment which ultimately took the form of the Royal Newfoundland regiment. On October 4, 1914 — a day that will be recalled by many hon. members of this house — the first Newfoundland contingent sailed on the s.s. *Florizel* from St. John's to join the first contingent of the Canadian expeditionary force off the island of St. Pierre. I happen to know that there are in this chamber those who will recall that significant union of forces when the s.s. *Florizel* joined the other ships which

res à l'ancre. A son arrivée en Angleterre, le contingent de Terre-Neuve a été embrigadé dans la première division canadienne sur la Plaine de Salisbury.

Au mois d'août 1915, le régiment royal de Terre-Neuve, comme on l'appelait alors, s'embarqua en Angleterre pour l'Égypte et, ayant été incorporé dans la 29e division impériale, débarqua à la baie de Suvla, dans la péninsule de Gallipoli, le 20 septembre, et participa aux terribles batailles qui suivirent. Nous, qui étions alors leurs adversaires, avons appris à respecter le puissance combative des Turcs. D'autres heureusement ont appris depuis lors la même leçon. Après l'historique évacuation de Gallipoli, le régiment de Terre-Neuve fut envoyé en France et, le 1er juillet 1916, à Beaumont Hamel, prit part à la bataille de la Somme. Ce combat homérique auquel participa le régiment fut l'un des plus désespérés et des plus tragiques de toute la guerre. Ce matin-là, 740 officiers et hommes de troupe montèrent à l'assaut des principales positions ennemies. Il y eut 684 victimes. Au sujet de cet engagement, sir Douglas Haig a déclaré dans ses citations à l'ordre du jour:

"L'héroïsme et le dévouement dont ils ont fait preuve le 1er juillet n'ont jamais été surpassés."

Leur propre commandant a déclaré dans ses dépêches:

"Si l'attaque a échoué, ce n'est que parce que les morts ne pouvaient plus avancer."

Monsieur l'Orateur, c'est à des gens de cette trempe, qui ont écrit cette glorieuse page d'histoire, que nous nous joignons dans les grandes entreprises de la paix.

Les actions d'éclat du régiment *Royal Newfoundland* comptent parmi les plus brillantes de la guerre. A son licenciement, le 25 novembre 1918, le régiment comptait 5,046 officiers et hommes de troupe qui avaient servi dans ses rangs. L'effectif du régiment, en temps normal, n'est que d'environ 1,000 hommes.

Des milliers de Terre-neuviens ont aussi servi très courageusement et avec distinction dans l'armée, la marine et l'aviation du Canada, de la Grande-Bretagne et des États-Unis. Ceux qui les ont vus combattre ou qui ont entendu parler de leurs exploits, connaissent le coeur vaillant et l'esprit valeureux de ce peuple magnifique auquel nous allons nous unir dans une confédération.

Au cours de la seconde Grande Guerre, Terre-Neuve et le Canada ont resserré davantage les liens qui les unissent. Le caractère changeant de

were then lying at anchor. On arrival in England the Newfoundland contingent was brigaded with the first Canadian division on Salisbury plain.

In August, 1915, the Royal Newfoundland regiment, as it had then become, sailed from England for Egypt and joined the 29th imperial division, landing at Suvla bay in the Gallipoli peninsula on September 20, and it took part in the terrific battles which followed at that time, when we who were then opposed to them learned to respect the fighting powers of the people of Turkey, as others fortunately have come to respect them today. After the historic evacuation of Gallipoli, this regiment was transferred to France and on July 1, 1916, fought at Beaumont Hamel in the tremendous battle of the Somme. On that occasion the Royal Newfoundland regiment was engaged in one of the really Homeric battles of history. It took part in one of the most desperate and tragic attacks of the whole war. Seven hundred and forty officers and men went over the top that morning to attack that key position in the enemy defences, and they suffered 684 casualties. Of this action, Sir Douglas Haig said in his dispatches:

"The heroism and devotion to duty they displayed on the first of July has never been surpassed."

Their own corps commander said in his dispatches:

"The assault only failed because dead men could advance no further."

May I say, Mr. Speaker, that it is with people such as those who wrote that imperishable page of history that we now join hands in the great enterprises of peace.

The Royal Newfoundland regiment had one of the finest records in the whole war. When it was demobilized in St. John's on November 25, 1918, 5,046 officers and men had passed through the ranks of that one unit, whose establishment in the ordinary course of events would be only approximately one thousand men.

Thousands of Newfoundlanders also served with great courage and distinction in the army, the navy and the air force units of Canada, Britain and the United States. All who saw them in action or learned of their achievements knew the stout hearts and great spirit of these splendid people who are about to unite with us in confederation.

In the second world war the association between Newfoundland and Canada was very much closer. The changing character of global

la guerre globale a placé Terre-Neuve dans une position centrale dans ce grand conflit. Son importance stratégique a été mise en évidence dans les premiers temps de la guerre, lorsque Churchill et Roosevelt, accompagnés de leur état-major militaire et officiel, se sont rencontrés, dans une des nombreuses baies de l'île afin de rédiger et signer la Charte de l'Atlantique, aux termes de laquelle les nations du Commonwealth et les États-Unis unissaient leurs ressources en vue de rendre aux peuples de l'Europe, la liberté qu'ils avaient perdue dans le tourbillon de la puissance nazie.

Dans les années qui suivirent, à cause du rôle de plus en plus important attribué aux bombardiers et aux avions à long rayon d'action, le Canada, la Grande-Bretagne et les États-Unis ont fait converger leurs efforts sur Terre-Neuve.

Pendant toute la guerre, les Terre-neuviens ont servi côte à côte avec les Canadiens dans les diverses régions de l'univers ainsi que dans leur propre pays. Comme les avions et les sous-marins allemands menaçaient le littoral de l'Atlantique, il a fallu assurer la défense de Terre-Neuve, exposée à l'attaque directe. C'est pourquoi un grand nombre de Canadiens ont servi à Terre-Neuve pendant la guerre.

Au printemps de 1940, le *Black Watch*, régiment de Montréal, a été envoyé à Terre-Neuve afin de protéger l'important aéroport de Gander, que l'on agrandissait alors en vue de l'utiliser comme base d'opérations du Corps d'aviation royal canadien et des services de transport d'avions du Canada, de Grande-Bretagne et des États-Unis. Quant aux États-Unis, ils ne s'y intéressaient alors qu'indirectement. Comme nos intérêts étaient devenus très étroitement liés avec ceux de Terre-Neuve, les troupes de ce pays sont passées, en 1940, sous l'autorité du commandant canadien de la région de l'Atlantique.

Le Canada a installé des batteries de défense côtière et antiaérienne aux aéroports de Gander, Goose-Bay et Torbay, ainsi qu'aux quais de chargement de Conception-Bay, aux mines sur l'île Bell, aux quais et aux réservoirs d'essence à Lewisporte et Botwood. Une batterie de la défense côtière de Terre-Neuve fournissait l'effectif de défense à l'île Bell, mais des batteries canadiennes étaient postées à Saint-Jean.

Je le signale afin d'indiquer les liens étroits qui, dans le domaine militaire, unissaient les Terre-neuviens et les nôtres dans la région canadienne de l'Atlantique. Au moment voulu, le régiment des *Queen's Own Rifles* a remplacé le *Black Watch* à Gander; puis, à mesure que la guerre s'intensifiait, des unités provenant d'un peu par-

warfare placed Newfoundland in a central position in that great struggle. Its strategic importance was highlighted in the early days of the war when Churchill and Roosevelt, with their military and official staffs, met in one of its many bays to draft and sign the Atlantic charter which pledged the people of the commonwealth and the United States to join forces in restoring freedom to the people of Europe who had been engulfed in the flood of nazi power.

With the increasing role of long-range bombers and aircraft of all kinds, Newfoundland became a focal point in the efforts of Canada, Great Britain and the United States through the years which followed.

During the whole of the war, Newfoundlanders served side by side with Canadians in different parts of the world and also in their own country. Because of the threat to the Atlantic coast by German submarines and aircraft, it was necessary to provide for the actual defence of Newfoundland as a very real contingency which might be faced. For that reason many Canadians served in Newfoundland throughout the war.

In the spring of 1940, the Black Watch of Montreal were dispatched to Newfoundland to protect the great airport at Gander, which was then being expanded as an operational base for the Royal Canadian Air Force and the air-ferrying services of Canada, Britain and the United States — the United States, of course, indirectly at that time. Because our common interests had become so closely linked, the defence forces in Newfoundland were brought under the Canadian Atlantic command in 1940.

Canadian coast defence batteries and anti-aircraft units were stationed at the airports at Gander, Goose Bay, Torbay and also at the loading piers at Conception bay, the mines on Bell island, as well as the fuel tanks and docks at Lewisporte and Botwood. A Newfoundland coast defence battery manned the defences at Bell island while Canadian batteries were stationed at St. John's.

I mention this to indicate the close military association which existed between the people of Newfoundland and Canada under the Canadian Atlantic command. In due course the Queen's Own Rifles of Toronto relieved the Black Watch at Gander and, as the war progressed and increased in intensity, units from every part of

tout au Canada ont été postées en divers endroits de l'île, notamment le Régiment de la Chaudière, les *Royal Rifles*, les *Edmonton Fusiliers*, les *New Brunswick Rangers* et d'autres unités renomées.

Le Corps d'aviation royal canadien utilisait des bases à Botwood, Torbay, Gander et Goose-Bay où des milliers de nos jeunes ont servi. Un vaste réseau de communications relevait du corps des liaisons et transmission de la région de l'Atlantique. Au nombre des autres services canadiens, il faut inclure l'Intendance militaire royale canadienne, le Corps des magasins militaires, des dépôts du service de santé, ainsi que d'autres unités spéciales.

En plus de ceux qui s'étaient enrôlés dans leurs propres services, plusieurs Terre-neuviens se sont engagés dans la Marine royale canadienne et dans la Marine royale ainsi que dans toutes les divisions du Corps d'aviation royal canadien, y compris le service féminin. Ceux qui s'étaient enrôlés dans les unités canadiennes portaient à l'épaule l'insigne terre-neuvien. Ils se sont acquis l'amitié et l'estime de tous leurs frères d'armes partout où ils ont servi.

Grâce à ces nombreux contacts, des milliers de Terre-neuviens ont subi l'instruction militaire et ont servi au Canada, tandis que des milliers de jeunes Canadiens et Canadiennes, postés à Terre-Neuve, se sont liés d'amitié avec les gens de là-bas.

J'ai relevé ces faits assez longuement, parce que cet historique de la participation des Terre-neuviens à deux conflits, et, en particulier, les liens qui ont uni les jeunes gens du Canada à ceux de Terre-Neuve durant la deuxième Grande Guerre, révèlent combien est étroite l'amitié naturelle qui nous lie. Ils ont sans doute beaucoup fait pour répandre, tant à Terre-Neuve qu'au Canada, cette idée d'union qui nous intéresse depuis si longtemps. Ces jeunes gens, la fleur de notre jeunesse, ont été nos ambassadeurs à cette noble fin. Aucune nation n'a eu de meilleurs représentants et les efforts dont nous leur sommes redevables, qu'ils aient été ou non accomplis dans ce dessein, sont loin d'être étrangers à ce dont nous sommes saisis aujourd'hui.

L'esprit d'unité et de sincère collaboration existant entre Terre-neuviens et Canadiens, si évident aux bases militaires, aériennes et navales établies à Terre-Neuve par le Canada durant la guerre, augure bien l'esprit de compréhension et de bonne volonté qui animera les habitants de ces deux dominions lorsqu'ils ne composeront qu'une seule nation.

Canada were moved to different points in the island. These included the Chaudière regiment, the Royal rifles, the Edmonton fusiliers, the New Brunswick rangers, and other well known regiments.

The Royal Canadian Air Force operated bases at Botwood, Torbay, Gander and Goose Bay. Thousands of our young men and women served in these units at these various bases. Extensive communication systems were also set up under Atlantic command signals. Other Canadian services included the Royal Canadian Army Service Corps, the ordnance corps, medical depots and other special units.

In addition to those who served in their own units, many Newfoundlanders served in the Royal Canadian Navy and the Royal Navy. They also served in all branches of the Royal Canadian Air Force, including the women's division. Those with Canadian units wore the Newfoundland badge on their shoulders and won friendship and respect from all with whom they served in every part of the world.

Because of these many contacts, thousands of Newfoundlanders trained and served in Canada while thousands of our own young men and women saw service and made warm friendships in Newfoundland.

I have mentioned these details at some length because that history of the participation of Newfoundlanders in two wars, and particularly that association between the young men and women of Canada and Newfoundland in the second world war, convey an impression of how close our natural friendship really is, and undoubtedly greatly increased support in both Newfoundland and Canada for this idea of union, which has been before us for so many years. These young men and women, the very finest of our youth, were our ambassadors in this great cause; and no nation ever had better ambassadors than we had. Their efforts on our behalf, whether or not intentionally carried out for that purpose, have had much to do with what we have under consideration today.

The spirit of unity and whole-hearted co-operation between Newfoundlanders and Canadians, which was so apparent at the Canadian army, naval and air bases established in Newfoundland during the war, offers a happy augury of the spirit of understanding and goodwill which can be established between the peoples of these two dominions when we become part of one nation.

Je n'ai indiqué que brièvement les nombreuses raisons qui poussent les Canadiens à souhaiter à Terre-Neuve la bienvenue au sein de la Confédération. Tel était, du reste, l'objet des dispositions primitives de l'Acte de l'Amérique du Nord britannique. Il serait dangereux, cependant, de faire fi des critiques dont ont été l'objet les moyens employés pour réaliser cette union. Ce n'est pas seulement à Terre-Neuve qu'on a entendu d'amères critiques de la façon dont tout s'est passé. Bon nombre de Terre-neuviens, très favorables à la Confédération, ont réclamé avec instance que soit restituée aux Terre-neuviens l'autorité législative et que ce soient les représentants élus d'un corps législatif qui négocient les conditions en vertu desquelles Terre-Neuve doit adhérer à la Confédération. Ils soutiennent que la commission gouvernementale, nommée par le gouvernement du Royaume-Uni, n'avait pas le droit de négocier ces conditions, soit directement, soit par l'intermédiaire de délégués désignés.

Terre-Neuve n'est pas une colonie; le statut de Westminster lui a accordé le rang de dominion. On soutient, non sans violence parfois, que le respect des principes démocratiques aurait voulu que ce soient d'autres que les représentants d'une assemblée législative régulièrement élue qui fussent habilités à décider les termes d'un éventuel rattachement au Canada.

Pour juger de la violence qu'atteignent ces critiques, tant à Terre-Neuve qu'au dehors, il suffit de lire une lettre parue récemment dans le *Guardian* de Manchester. Écrite par M. Thomas Lodge, membre de la première [*sic*] commission de gouvernement constituée en 1934, elle dénonce vigoureusement la méthode adoptée dans cette transaction que l'auteur qualifie de "vil marchandage," pour citer ses paroles. Les mêmes reproches se retrouvent dans les journaux et dans certaines déclarations publiques à Terre-Neuve. Au Canada même, il y a eu de nombreuses protestations publiques, en ce qui concerne Terre-Neuve et le procédé auquel on a recouru.

Lorsque le premier ministre (M. St-Laurent) a rencontré les délégués de Terre-Neuve qui avaient été choisis pour discuter des conditions de l'union, il leur a dit: "Ce qu'il y a de certain, c'est que l'objectif importe plus que les travaux d'approche." Or il me semble que la manière d'aborder est très importante. Il est essentiel que l'union de Terre-Neuve et du Canada soit beaucoup plus qu'une simple union juridique. Il importe que les Terre-neuviens et les Canadiens

I have touched only briefly on the many reasons why Canadians will welcome Newfoundland into confederation, as was intended under the original provisions of the British North America Act. But it would be folly for us to disregard the criticism which has been directed to the methods which have been employed in bringing this about. It is not only in Newfoundland that very severe criticism has been directed against the way in which this has been done. Many Newfoundlanders who are in favour of confederation, and strongly in favour, have been insistent that legislative authority should be restored to the people of Newfoundland and that elected representatives of such a legislative body should negotiate any terms which are to bring Newfoundland within confederation. They contend that the commission of government, appointed by the government of the United Kingdom, has no right to negotiate such terms either directly or through appointed representatives.

Newfoundland is not a colony. Newfoundland was accorded the full status of a dominion in the Statute of Westminster. It is argued, and in many cases argued with much bitterness, that it is inconsistent with democratic practices that any group short of the representatives of a fully constituted legislative assembly should be empowered to decide the terms under which Newfoundland will join Canada.

How strong that criticism is outside of Newfoundland, as well as within its boundaries, is shown by a letter published recently in the *Manchester Guardian* from Mr. Thomas Lodge, who was one of the first members of the commission of government appointed in 1934. Denouncing in the most vigorous terms the procedure followed, Mr. Lodge describes the whole transaction as an "unholy deal." And those are his words, not mine. The same attitude is reflected in the press and in many public statements in Newfoundland. There is also much public criticism of the procedure in Canada, so far as Newfoundland is concerned, and the method which has been followed.

When the Prime Minister (Mr. St. Laurent) met the Newfoundland delegation appointed to discuss the terms of union, he said to them, "One thing is sure, the objective itself is more important than the approach." It seems to me that the approach is very important. It is essential that the union of Newfoundland with Canada be something much more than a mere legal union. It is essential that the union be one which appeals now, and will appeal in the years ahead, to

trouvent aujourd'hui et demain dans cette union un geste qui les unit d'esprit et de coeur encore plus que sous une forme statutaire.

Nous n'avons aucun moyen de savoir quels ont été les entretiens entre le Gouvernement du Canada et le gouvernement du Royaume-Uni ou les représentants de Terre-Neuve. Nous savons qu'il y a beaucoup de mécontentement et que la présente mesure ne contribuera pas au maintien de l'esprit d'harmonie et de bonne entente qui devraient être la considération principale de tous ceux qui accueillent Terre-Neuve au sein du Canada.

Cependant, il ne faut pas oublier que la Chambre n'est appelée qu'à étudier les mesures que le Canada prendra en vue de réaliser la Confédération. Hormis quelque acte que le gouvernement du Canada n'aurait pas révélé, et que par conséquent les membres de la Chambre ignorent, la procédure, au moins quant à Terre-Neuve, touche aux relations directes de ses habitants avec le gouvernement du Royaume-Uni. Nous pouvons bien regretter qu'on n'ait pas pris les mesures voulues pour écarter toute cause de sentiment général d'amertume ou de mécontentement, mais il ne nous appartient pas de dire à notre partenaire quelle ligne de conduite il doit suivre dans ses relations avec nous ou avec le gouvernement du Royaume-Uni.

On voudra me pardonner, je l'espère, de signaler que l'accord présentement à l'étude me touche personnellement. La mère de mon père est née dans un village de pêcheurs à Terre-Neuve; et je trouvais toujours émouvantes, dans ma jeunesse, les histoires décrivant la vie intrépide de ces excellentes gens qui vivaient de leur labeur quotidien, surtout à bord de leurs bateaux.

Dans ma tendre enfance on m'a inculqué le sentiment de fierté légitime qu'éprouvent les Terreneuviens de naissance à l'égard des nobles traditions et du passé glorieux de leur île. Ce contact indirect, de même que des contacts plus directs établis plus tard, m'ayant appris un peu le sentiment de grandeur qu'éprouvent les insulaires à l'égard de leur histoire et de tout ce qu'elle représente pour eux, j'espère bien qu'on fera tout ce qui est possible pour éviter le mécontentement et la mésentente qui existent et dont on a des échos dans les journaux et les discours publics prononcés à Terre-Neuve ou ailleurs. En effet, nous voulons que les excellentes gens de Terre-Neuve se joignent au Canada dans un esprit d'amitié et de réelle satisfaction, convaincus qu'il y va de l'intérêt et de l'avantage de tous.

the people of Newfoundland and to the people of Canada as something which united them in spirit and in friendship even more than it did in statutory form.

We have no way of knowing what discussions took place between the government of Canada and the government of the United Kingdom or the appointed representatives of Newfoundland. We do know that there is widespread discontent and dissatisfaction, and that this will not contribute to the spirit of harmony and goodwill which should be the main consideration of all those who welcome Newfoundland as a part of Canada.

It must however be remembered that in the house we are called upon only to deal with the steps which Canada will take to bring about confederation. Except for any action by the Canadian government which has not been disclosed and is therefore not known to the members of the house, the procedure so far as Newfoundland is concerned is one which affects the people of Newfoundland in their direct relationship with the government of the United Kingdom. We may well regret that appropriate steps were not taken to assure that there would be no cause for any widespread feeling of bitterness or dissatisfaction, but it is not for us to tell the people of our sister dominion what course they should follow in their own dealings or in their dealings with the government of the United Kingdom.

I hope I shall be forgiven for indicating that I have some personal sentimental feelings toward the transaction we have under consideration. It happens that my father's mother was born in a fishing village in Newfoundland, and that as a young boy I was constantly impressed with the stories of the hardy life of those fine people who lived by their daily efforts, chiefly from their ships at sea.

I was imbued in my early youth with the feeling of justifiable pride which those born in Newfoundland have in their great traditions and the great background of that island. Knowing even by that indirect contact, as well as by more direct contacts in later years, something of the feeling of the greatness of their own island's history and all it stands for, I hope that everything possible will be done to avoid the discontent and misunderstanding which does exist, and which is reflected in the press and in public speeches being made in Newfoundland and elsewhere today. For we want to see the splendid people of Newfoundland joining Canada in a spirit of real satisfaction and friendship and with a certainty that it is to the interests and advantage of all of them.

C'est une circonstance historique. Les procédures qui mettent à exécution l'objet de cette résolution seront nécessairement débattues dans leurs menus détails. Mais quant au principe, qui est de donner corps à ce qu'envisageaient les grands hommes d'État réunis à Charlottetown en 1864, j'ai peine à croire qu'un seul député s'y opposera et qu'il voudra empêcher le projet de se réaliser à l'entière satisfaction et de Terre-Neuve et du Canada.

Pour les motifs que je viens d'indiquer, nous appuyons le projet de résolution dont la Chambre est saisie.

M. M. J. COLDWELL (Rosetown-Biggar): Monsieur l'Orateur, je n'entrerai pas dans le détail de l'accord, car ce n'est pas le moment de l'aborder. Je dis immédiatement que les membres de la C.C.F., d'un bout à l'autre du pays, s'unissent au reste de la population pour souhaiter la bienvenue à Terre-Neuve au sein de la Confédération.

Quand, en 1867, les auteurs de la Confédération parvinrent à unir ce grand pays qu'est le Canada, Terre-Neuve resta à l'écart. Aujourd'hui, quatre-vingts ans plus tard, la plus vieille colonie anglaise de l'Amérique du Nord britannique s'unit à nous dans cette grande entreprise qu'est la nation. Aussi ne faut-il pas s'étonner si, au moment d'étudier le projet de résolution, nous sommes saisis de son importance historique.

Terre-Neuve, en raison de sa position stratégique, déjà mentionnée cet après-midi, de sa richesse et, surtout, des nobles qualités de sa population, constitue un précieux apport pour le pays où nous vivons. Ses ressources, qui n'ont jamais fait l'objet d'un relevé complet, sont encore très peu connues.

Sa population descend surtout de ces hardis marins qui, de Bristol, Bideford et Plymouth, villages pêcheurs des côtes de Devon et de Cornouailles, et d'endroits situés le long des côtes de la Bretagne, de la Normandie et de l'Écosse, traversèrent l'Atlantique dans de véritables coquilles de noix.

Qu'il me soit permis de rappeler un souvenir personnel. Dans le district où je suis né, le comté de Devonshire, nos registres paroissiaux racontent que vers la fin du XVIIe siècle et au XVIIIe siècle, les pêcheurs qui traversaient l'Atlantique payaient leur dîme à l'église au retour de leurs expéditions de pêche sur les bancs de Terre-Neu-

This is an historic occasion. The proceedings which carry into effect the purpose of this resolution will of necessity be debated in detail, and there will be discussions in relation to those details. But in regard to the principle of carrying into effect the vision of those great men who met at Charlottetown in 1864, I find it difficult to believe that there can be any difference of view anywhere in the house as to the hope that this will be carried out to the complete satisfaction of the people both of Newfoundland and of Canada.

For the reasons I have indicated, we will support the resolution before the house.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, this is not the stage at which to discuss any of the details of the agreement and therefore I do not propose to do so. May I say at once that members of the C.C.F. throughout Canada join with other people in welcoming into confederation the island of Newfoundland.

When in 1867 the fathers of confederation succeeded in uniting this great land which we call Canada, Newfoundland remained aloof. Now, after eighty years, what we may term the oldest British colony in North America joins this great undertaking, the nation of which we are a part. I say therefore there can be no wonder when, in discussing the resolution, we are filled with a sense of its historic importance.

Newfoundland, by reason of her strategic position, to which reference has been made this afternoon, her wealth and, Mr. Speaker, most of all, the sterling qualities of her people, is indeed a welcome addition to the country in which we live. She, may I add, has resources which have never been adequately and thoroughly surveyed, and about which in many instances very little is known.

Her people are descended principally from those hardy seafaring folk who crossed the stormy Atlantic in little cockleshells of boats from places like Bristol, Bideford, Plymouth, fishing villages along the Devon and Cornish coasts, and from places on the shores of Brittany, Normandy and Scotland.

If I might interject a personal note: In the district where I was born, in the county of Devonshire, our parish registers record how in the late seventeenth and eighteenth century fisherfolk who crossed the Atlantic paid their church tithes after having returned from fishing expeditions on the grand banks. When they came back, this

ve. A leur retour, cette grande réserve de nourriture nouvelle pour l'Europe affamée avait plus de valeur pour la population de l'Europe que tous les trésors que sir Walter Raleigh espérait découvrir plus au sud. Ce fut son confrère aventurier, sir Humphrey Gilbert, qui s'occupa de Terre-Neuve. N'est-ce pas Francis Bacon qui disait que les pêcheries de Terre-Neuve valaient plus pour la postérité que toutes les mines du Pérou? C'est bien mon avis.

Ainsi, Terre-Neuve doit ses débuts à de rudes pêcheurs qui peut-être n'avaient jamais songé à s'établir si loin par delà le tempétueux océan. Mais c'est à l'abondance du poisson qu'il faut attribuer la fondation de Terre-Neuve, comme il faut attribuer celle de la Nouvelle-France à la traite des pelleteries. Et de même qu'au XVIIe siècle le Canada était bien français par ses origines, et par ses us et coutumes, on peut dire que Terre-Neuve est bien britannique par ses origines, ses coutumes, sa conception de la vie.

Encore une fois, au sein de cette confédération nord-américaine que nous appelons le Canada, les deux grandes races qui ont fondé notre pays, de concert avec les centaines de milliers de personnes qui nous sont venues d'autres pays et qui elles aussi ont fait leur part, les deux grandes races, dis-je, jettent aujourd'hui les bases d'un Canada encore plus grand, qui s'étend enfin à tous égards d'un océan à l'autre.

Je ferai remarquer que, à l'instar des gentilshommes aventuriers de la Baie d'Hudson qui s'efforcèrent d'empêcher la venue de colons dans la région qu'on appelait alors la terre de Rupert, et qui constitue aujourd'hui les territoires du Nord-Ouest, et les provinces du Manitoba, de la Saskatchewan et de l'Alberta, les marchands de poisson de l'Ouest de l'Angleterre cherchèrent à empêcher les colons de débarquer à Terre-Neuve et de s'y établir à demeure. Ils voulaient que les ports et les anses ne fussent utilisés que pour la préparation du poisson dont la vente leur rapportait de gros bénéfices. Toutefois, les colons vinrent; en dépit des gentilshommes aventuriers, ils se cramponnèrent au sol. Je rappelle ce fait à seule fin de démontrer qu'il nous révèle la trempe de ces colons, leur vigoureuse lignée et leur détermination de réussir. Les colons eurent littéralement à lutter contre des lois répressives, et ils furent à bien dire assujettis à un régime comme celui de la Chambre étoilée.

Immédiatement avant mon entrée dans cette salle, j'ai relevé une mention de ce régime dans notre histoire. En 1633, sous le règne de Charles 1er, la Chambre étoilée édicta un certain nombre

great reservoir of new food for a hungry continent of Europe was more valuable to the people of Europe than all the treasures Sir Walter Raleigh hoped to find farther south. It was his brother adventurer, Sir Humphrey Gilbert, who concentrated upon Newfoundland. I believe it was Francis Bacon who said that the fisheries of Newfoundland were more valuable to posterity than all the mines of Peru. I believe that is true.

So the beginnings of Newfoundland were laid by hardy fisherfolk who, perhaps, had no thought of settling so far across the stormy ocean. But it was the wealth of fish which laid the foundation of Newfoundland, just as it may be said that the fur trade laid the foundation of New France. And just as in the seventeenth century Canada was typically French in its origins, characteristics and customs, so it may be said that Newfoundland is typically British in its origins, in its customs, and in its general outlook upon life.

So that once again, within this North American confederation we call Canada, the two great races who have laid the foundations of this country, together with the many hundreds of thousands who have come to us from many lands and who, too, have made their contribution, are engaged today in laying the foundations of a Canada greater than we have known, making it a nation stretching at last in every sense from sea to sea.

But just as the gentlemen adverturers into Hudson bay tried to keep the settlers out of what was then known as Rupert's Land and is now the Northwest Territories, Manitoba, Saskatchewan and Alberta, so the fish-dealing merchants of the west of England tried to keep settlers from landing and taking root in Newfoundland. They wanted to keep the harbours and coves for the curing of fish, and to add to their own profits thereby. But settlers came, and in spite of the gentlemen adventurers they remained and they fought their way through. I mention this because I think it tells us something of the type of people and their background, and indicates clearly the sturdy stock from which they sprang, and their determination to see things through. The settlers had to fight repressive laws, and literally they were under a star chamber jurisdiction.

Just before I came into the house I looked up a reference to this repression in our history. In 1633, in the reign of Charles I, the star chamber laid down a number of rules by which the people

de règles que devaient observer les gens de Terre-Neuve; elles avaient un caractère répressif. Puis en 1660, sous le règne de Charles II, le préambule de ces règles fut modifié et confirmé. Qu'on me permette d'en citer un passage:

"Il est interdit aux propriétaires de navires faisant le commerce avec Terre-Neuve de transporter des personnes autres que les membres d'équipages, ou celles qui se proposent de s'établir là-bas, et une prompte punition sera infligée aux contrevenants."

Je ne me souviens pas d'avoir vu pareille disposition dans aucun statut d'une colonie britannique, ni même d'aucune autre colonie.

En 1832, — si l'on me permet un saut de plusieurs siècles, — le parlement du Royaume-Uni consentit à l'établissement du gouvernement représentatif mais il ne s'agissait pas encore du gouvernement responsable, car ni le gouverneur ni le conseil exécutif n'était responsable envers l'Assemblée législative. Quelques années plus tard, la colonie fut le théâtre de graves dissensions et le gouvernement britannique fut prié d'intervenir. Il suspendit alors provisoirement l'application de la constitution. Ce n'est qu'en 1855 que le pays, à la suite du Canada, obtint le gouvernement responsable.

Je ne me propose pas de relater l'histoire économique et politique mouvementée de l'île jusqu'à 1931. Le premier ministre (M. St-Laurent), et dans une certaine mesure aussi le chef de l'opposition (M. Drew), s'y sont arrêtés cet après-midi. En 1931, lorsque la perte de marchés et la crise économique mondiale firent ressortir la situation financière désespérée de l'île et les terribles privations endurées par la population, il fallut intervenir. En réponse aux appels de Terre-Neuve, on institua une commission royale, sous la présidence de lord Amulree. Je n'exposerai pas le rapport dans le détail. Je suis étonné que personne n'en ait parlé jusqu'ici, cet après-midi. [*sic*] Quoi qu'il en soit, j'ai lu attentivement son rapport, publié en 1934, je crois. L'état de choses qu'il révélait m'a indigné.

Comme on nous l'a rappelé cet après-midi, il en est résulté une nouvelle suspension de la constitution et l'institution d'un gouvernement par commission. Voilà où l'on en est aujourd'hui. Je reconnais avec le premier ministre et le chef de l'opposition qu'il s'agit pour nous d'étudier les dispositions d'une entente avec Terre-Neuve et que notre devoir est de veiller à ce que cette entente soit conclue dans le meilleur intérêt du Canada. Ce n'est pas à nous de discuter les autres questions qui peuvent s'y rattacher. C'est le devoir du gouvernement de Terre-Neuve qui, en

of Newfoundland were to live, and they were repressive indeed. Then in 1660, in the reign of Charles II, the preamble was altered and confirmed. Let me read you a paragraph from it:

"All owners of ships trading to Newfoundland are forbidden to carry any persons not of the ship's company, or such as are to plant or do intend to settle there, and that speedy punishment may be inflicted on offenders."

I can recollect no similar provision touching any other British colony, or indeed any other colony elsewhere.

In 1832, if I may take a jump, representative government was granted by the parliament of the United Kingdom, but it was not responsible government. True, it was representative government, but the governor and the executive were not responsible to the legislature. A few years later there was great friction in the colony, and the British government was asked to intervene. They did so, and the constitution, such as it was, was suspended for a time. It was not until 1855 that the country followed Canada in obtaining responsible government.

I do not propose to traverse the checkered story of the island's political and economic history up to 1931. That was done in part this afternoon by the Prime Minister (Mr. St. Laurent), and to a certain extent by the leader of the opposition (Mr. Drew). In 1931, when the loss of markets and world-wide depression brought into bold relief the desperate financial plight of the island and the terrible suffering among its people, something had to be done. In response to appeals from the people of Newfoundland a royal commission was set up under Lord Amulree. I am not going into the details of its report. I am going to say, however, that I have read very carefully the report of that royal commission, which I think was published in 1934, and I was shocked at the conditions which were revealed in it.

As we have heard this afternoon, the result was the suspension of the constitution again, and the setting up of a commission government, which was also described this afternoon. That is where the matter rests today. I agree with the Prime Minister and the leader of the opposition that what we are about to consider is an agreement into which Canada is entering, and it is our duty to see to it that that agreement is in the best interests of Canada. It is none of our business to discuss other matters in relation to it. It is the business of the government of Newfoundland,

ce moment, est celui du Royaume-Uni, de protéger dans cette entente et dans la façon de l'effectuer, les intérêts de la population de Terre-Neuve.

Ceci dit, j'espère et je compte que la réalisation de cette entente sera mutuellement satisfaisante et avantageuse. Notre premier devoir consiste donc à veiller à ce que les conditions de l'entente que nous sommes sur le point de discuter soient justes et satisfaisantes pour notre propre pays. J'espère donc qu'avec le temps les deux pays trouveront cette entente mutuellement satisfaisante et avantageuse.

Il importe aussi de bien établir le point que la province que nous allons admettre dans la Confédération n'est pas dans le marasme dans lequel elle se trouvait en 1931. Si je ne me trompe, le premier ministre nous a dit cet après-midi que Terre-Neuve a accumulé un excédent de recettes par rapport aux dépenses et qu'elle est maintenant relativement prospère. Elle a accumulé un fort excédent. De fait, si nous discutons ce problème aujourd'hui, c'est parce que l'Île est sortie de l'abîme du désespoir où elle était tombée à l'époque de crise des années 30.

En septembre 1944, le député de Cap-Breton-Sud (M. Gillis), le député de Melfort (M. Wright) et moi-même assistions, à Londres, à une conférence des partis travailliste, coopératiste et socialiste du Commonwealth britannique. Nous avons fait la connaissance de lord Ammon et l'avons entendu exposer un rapport intéressant et très détaillé. Il avait été nommé, en 1943, par le gouvernement de coalition, pour diriger une mission de bonne entente chargée d'examiner la situation qui régnait alors à Terre-Neuve. La mission visita toutes les parties de l'île et entra en pourparlers avec les représentants de toutes les classes, — y compris les pêcheurs le long des anses et des côtes, les villageois et les habitants de la ville de Saint-Jean, — au sujet des conditions économiques, de l'avenir politique de Terre-Neuve et de toutes les questions que nous reprenons aujourd'hui.

Par la suite, l'Association Fabienne a publié une brochure à peu près dans le sens du discours de lord Ammon, que mes collègues et moi avions entendu. Je désire tirer de cette brochure quelques mots qui expriment son jugement à l'égard des Terre-neuviens. Voici:

"Je dois dire combien j'apprécie l'intégrité, la sagacité et le haut niveau d'intelligence des Terre-neuviens. En général, ce sont des gens bienveillants, hospitaliers, laborieux; ils prennent les

which at the moment is the government of the United Kingdom, to protect the interests of the people of Newfoundland both in the agreement and in the manner of its making.

Having said that, Mr. Speaker, I want to say that I hope and trust that the agreement when consummated will prove mutually satisfactory and advantageous to Canada and Newfoundland. Therefore our first duty is to see that the terms of the agreement we are about to discuss are fair and satisfactory to our own country. As I say, I hope that as time passes both countries will find the agreement satisfactory and mutually advantageous.

I think another matter we have got to be clear about is that we are not taking into confederation the stricken country of 1931. I believe it was the Prime Minister who said this afternoon that a financial surplus has been piled up, and that the country is now relatively prosperous. It has accumulated a substantial surplus. Indeed, the reason why we are discussing this problem at the present time is that it has emerged from the slough of despond which afflicted it in the hungry thirties.

In September, 1944, the hon. member for Cape Breton South (Mr. Gillis), the hon. member for Melfort (Mr. Wright), and I attended a conference of the British commonwealth labour, co-operative and socialist parties held in London. We had the opportunity of meeting Lord Ammon and of hearing from him quite a long and interesting report. He had been appointed in 1943 by the coalition government to head a goodwill mission to inquire into the situation as it then existed on the island of Newfoundland. The mission visited every part of the island and held discussions with representative people of all types, from the fishing people along the coves and coasts to the people of the towns and in the city of St. John's, on economic conditions, the political future of the island, and all those matters which are very much under discussion today.

Subsequently the Fabian society published a pamphlet much along the lines of the address which Lord Ammon made, and which I, and my hon. friends who attended the conference with me, heard. I want to quote from it a few words which express his appraisal of the people of Newfoundland. He said:

"I should record my appreciation of the integrity, shrewdness, and high level of intelligence of the Newfoundlanders. They are, on the whole, a kindly, hospitable people, hardworking yet easy-

choses comme elles viennent, ont de bonnes manières bien qu'ils aiment parler franc, sont économes mais généreux envers les étrangers. Vivant en contact étroit avec la nature, employés la plupart du temps à des travaux manuels pénibles et souvent dangereux, ils ont pour le danger un mépris inné et de bon aloi; une conception facile, — peut-être trop facile, — de l'existence selon laquelle à chaque jour suffit sa peine; l'habileté voulue pour s'adonner à la construction de bateaux tout aussi bien qu'à la construction de maisons. Leur aptitude comme marins est bien connue et leur contribution en hommes au cours de la guerre actuelle se passe de commentaire. Il serait difficile de trouver un peuple plus loyal et plus charmant."

J'ai pensé qu'il valait la peine de consigner cet extrait au compte rendu cet après-midi. Le chef de l'opposition (M. Drew) s'est étendu sur leurs faits d'armes. Nous reconnaissons tous, je crois, ce que l'île a accompli durant la guerre. Mais lord Ammon a par ailleurs constaté que les conditions y étaient déplorables. Il a remarqué que les gens vivaient principalement de la pêche, de la coupe du bois et de la culture du sol, mais surtout de la pêche. Selon lui, la pauvreté qui y règne tient en grande partie aux anciennes méthodes en honneur dans la vieille industrie de la morue salée et séchée. Sous ce régime, les pêcheurs sont toujours endettés, à cause de la méthode de paiement en nature, maintenant illégale au Royaume-Uni et dans bien d'autres pays. A cet égard, il a fait des observations intéressantes que je cite de nouveau:

"Les rois et maîtres des établissements sont les "planteurs" ou marchands de ports qui approvisionnent les pêcheurs, achètent leur poisson et de leur propre chef se constituent les guides, conseillers et amis des établissements. Tous courent de grands risques en avançant de l'argent contre le rendement probable de la pêche. Si elle échoue, ils y perdent gros; si elle est heureuse, ils prospèrent. Plusieurs sont de braves gens qui ont soustrait des centaines de pêcheurs à la misère durant les hivers de famine. D'autres sont franchement arrivistes. Tous prétendent abhorrer le paiement en nature mais aucun ne semble tenir à dégager le pêcheur des dettes qui l'oppriment. Tous se font une idée renversante du bénéfice qu'un commerçant honnête a droit de réaliser dans une année normale."

Il a remarqué autre chose; partout où il y avait des coopératives, — et les coopératives ont beaucoup prospéré grâce à la direction de l'Université Saint-François Xavier, en Nouvelle-Écosse, — et où les pêcheurs étaient payés comptant pour

going, well-mannered but outspoken, thrifty but generous to strangers. Living in close contact with nature, employed for the most part on hard and often dangerous manual work, they have an ingrained healthy contempt of danger; an easy — perhaps too easy — philosophy that tomorrow will look after itself, and an ability to turn their hands to anything from boat-building to home construction. Their aptitude as seamen is well known, and their contribution in manpower to this war requires no comment. It would be hard to find a more loyal and delightful people."

I thought that was worth putting on the record this afternoon. The leader of the opposition (Mr. Drew) has spoken at length in regard to their war record, and I think we all appreciate what the island did during the war. But Lord Ammon also found that conditions on the island were deplorable. He noted that the people depended for their livelihood mainly on fish, timber and the land, with fishing quite the predominant industry. He said that much of the poverty was due to the long-established methods pursued by the old-style salt and dried cod industry, in which the fishermen went from one debt sheet to another through the operation of what is known as the truck system, now illegal in the United Kingdom and in many other places. On this his comment was interesting, and again I want to quote it:

"The uncrowned kings of the settlements are the "planters" or outport merchants, who supply the fishermen, buy their fish and in their own lights act as "guides, philosophers and friends" to the settlements. All of them take heavy risks in advancing money on the probable out-turn of the fishery. If it fails, they fail heavily; if it prospers, they prosper. Many are honest men who have helped hundreds of fishermen through hard winters, others are unscrupulous. All profess to abhor the truck system, but none seems willing to help the fishermen out of the net of debt in which they are constantly enmeshed: and all hold surprising views on the profit an honest trader is permitted to make in a normal year."

He also noted something else; that wherever co-operatives had been established — and the establishment of co-operatives has proceeded apace, very largely under the leadership of the university of St. Francis Xavier in Nova Scotia

leurs produits, la situation de la population s'est sensiblement améliorée.

— or where the fisherfolk received cash for their product, the condition of the whole community had greatly improved.

Ce n'est pas le moment, je l'ai déjà signalé, de traiter quelques-uns des cinquante articles; et je m'en abstiens. Nous y viendrons à l'examen de la loi. Je veux cependant noter la nécessité de collaborer en vue d'exploiter les ressources matérielles de l'île, afin de relever le niveau d'existence des Terre-neuviens et d'éviter toute exploitation future par des intérêts égoïstes et monopolisateurs, dont la population de l'île a souffert depuis le début de son histoire. Il convient de considérer Terre-Neuve et le Labrador comme partie intégrante de la région des provinces Maritimes, dont il importe d'améliorer le sort. En collaboration avec les provinces, — et Terre-Neuve sera du nombre, — le gouvernement fédéral devrait veiller à la répartition des industries et des placements, afin d'empêcher que la région maritime soit exploitée plus longtemps par les puissants intérêts dont le siège social se trouve au Canada central ou ailleurs.

As I said before, at this stage it is not proper to discuss any of the fifty sections, and I do not propose to do so. That will come when we are discussing the legislation. However, I do want to say something about the necessity of our working together in an effort to develop the material resources of the island for the purpose of raising the standards of living and preventing further exploitation by monopolistic and selfish interests, from which the masses of the people of Newfoundland have suffered from the very beginning. We should consider Newfoundland and Labrador as part of the whole maritime region, which incidentally is a region that cries aloud for a new deal. We believe the federal authority, of course in co-operation with the provinces, of which now Newfoundland will be one, should institute a policy to encourage the location of industry and investment so that the whole maritime region will be protected from further exploitation by powerful interests with head offices in central Canada or elsewhere.

On a beaucoup parlé récemment de la centralisation de l'administration. A mon sens, ce ne sont pas les ententes fiscales, conclues entre le Parlement et sept provinces, qui menacent l'indépendance provinciale. Le danger provient plutôt de ce que la puissance financière et économique se concentre entre les mains de quelques riches particuliers ou sociétés établis dans une ou deux provinces. Il y a quelques mois, le présent chef de l'opposition, alors premier ministre de l'Ontario, affirmait que cette province avait assuré 52 p. 100 de la production industrielle et militaire du temps de guerre. Bien entendu, c'est une magnifique réalisation dont peuvent se flatter les industriels et les ouvriers de l'Ontario. Cependant, le fait n'indique-t-il pas, si les chiffres de l'honorable député sont exacts, jusqu'à quel point l'industrie se concentre dans une province, étant donné surtout que le reste des entreprises, soit 48 p. 100, sont établies dans une seule autre province? Il est très facile de proclamer que le Canada a progressé grâce à la surveillance que les provinces exercent sur certaines ressources indispensables à la puissance nationale; cependant, affirmer, comme l'a fait le chef de l'opposition le 28 janvier, que —

"... la puissance du pays s'est édifiée sur la force concertée de tous les gouvernements ..."

— n'est pas malheureusement, je le crains bien, conforme aux faits. Certaines provinces sont fai-

The other day we heard a great deal about the centralization of government. In my opinion the real danger of the loss of provincial independence, yes, of individual independence, is not in the dominion-provincial tax arrangements made by this parliament with seven of the provinces, but in the concentration of financial and economic power in the hands of a few wealthy individuals or corporations in one or two of the provinces of Canada. Not many months ago the present leader of the opposition, then premier of Ontario, stated that 52 per cent of all industrial and military production during the war came from Ontario. Granted, that was a fine record for the managers and workers in industry in this province, a record of which they can be very proud. But is it not an indication of the tremendous concentration of industry in one province, if the hon. gentleman's figure is right, especially since the bulk of the remainder of Canadian industry, 48 per cent, is concentrated in one other province? It is all very well to argue that Canada has grown strong because the provinces control certain resources which make for national strength; but to say, as the leader of the opposition did on January 28, that —

"... the strength of this country has been built upon the combined strength of all the governments ..."

— is unfortunately simply not in accordance with the facts. The fallacy of that statement is

bles, non pas parce qu'elles ont signé des ententes fiscales, mais par suite de la concentration de l'industrie, de la richesse et de la puissance aux mains d'un nombre sans cesse plus restreint de sociétés situées dans quelques localités à peine, et surtout dans deux provinces. C'est là que la déclaration est fausse. Notons, cependant, qu'en général les masses populaires de l'Ontario ne connaissent pas un sort meilleur que celui des classes laborieuses des autres provinces du Canada.

Nous avons un autre motif de faire à Terre-Neuve un accueil chaleureux. Son entrée tendra à renforcir la position des provinces Maritimes et des autres provinces "dépourvues" dont elle accentuera les problèmes. A vrai dire, l'addition d'une autre province dénuée aidera les autres provinces qui se trouvent dans la même situation. S'il m'est permis d'employer encore une fois la terminologie dont se servait l'autre jour le chef de l'opposition, elle fournira des freins et contrepoids non seulement à la centralisation excessive du pouvoir entre les mains du parlement fédéral, mais encore à la centralisation excessive de la puissance financière et économique n'importe où au Canada. A vrai dire, les accords fiscaux représentent, à mon avis, le seul effort jamais tenté au Canada en vue de décentraliser cette vaste puissance existant dans notre pays en répartissant dans tout le pays une partie du revenu public.

Mais il faut plus qu'un régime de décentralisation financière. Déjà, depuis la guerre, le chômage a sévi à Halifax, à Trenton, au Cap-Breton et dans d'autres centres industriels des provinces Maritimes. Au moment de l'enquête sur la fermeture des aciéries de Trenton et leur transport à Montréal, le président de la *Dosco* a allégué qu'une saine économie interdisait de continuer [ou?] à agrandir l'industrie à Trenton. Le chef de l'opposition aura beau dire que:

" . . . le grand essor des neuf provinces du Canada a surtout été le résultat de la direction sage et minutieuse des gouvernements provinciaux . . . "

c'est au gouvernement national, il me semble, qu'il appartient de diriger sagement l'économie nationale de façon que toutes nos régions puissent profiter de la mise en valeur de nos ressources et des avantages qui en découlent. Autrement dit, il faut que le Parlement ait une politique économique positive pour tout le pays. Il nous faut une politique économique qui assure à la jeunesse des provinces Maritimes (qui comprend maintenant celle de Terre-Neuve) un ave-

that some provinces are weak, not because they signed tax agreements but because of the concentration of industry, wealth and power in a steadily diminishing number of corporations located in a few places, and mainly in two provinces. Yet it should be noted that the masses of the people of Ontario by and large are no better off than the masses of the people in the other provinces of Canada.

We welcome Newfoundland, then, on another count; because it will tend to strengthen the position of the maritime provinces and the other "have-not" provinces and to highlight their problems. Indeed, the addition of another "have-not" province will assist all the other provinces similarly situated. If I may once more use the phraseology of the leader of the opposition the other day, this will help provide further checks and balances, not only against over-centralization of power in this parliament but against over-centralization of financial and economic power anywhere in Canada. Indeed, in my opinion the tax agreements represent the only attempt yet made in Canada to decentralize this vast power in our country by effecting some redistribution of public revenue among them.

But more than a policy of financial decentralization is essential. Already since the war we have seen serious unemployment affecting Halifax, Trenton, Cape Breton, and other maritime industrial centres. When the closing of the Trenton steel works and its removal to Montreal was being investigated, the president of Dosco defended it on the ground that to continue or expand the industry in Trenton would be uneconomical. Well, it is all very well to say, as the leader of the opposition said, that —

" . . . the great developments that have taken place in the nine provinces have very largely been the result of the wise and intimate guidance of the provincial governments in each of those provinces."

But the function of the national government surely must be to give wise guidance to the national economy, so that all parts of the country may share in the development of our resources and the benefits derived therefrom. In other words, this parliament should have a positive economic policy for all Canada. What is needed is a national policy to provide the maritimes, now including Newfoundland, with the means to supply opportunities for maritime youth in the mari-

nir dans ces régions mêmes, tout comme il faudra que la jeunesse des Prairies trouve un avenir assuré dans les prairies, et celle du Pacifique dans la région qu'elle habite. La tendance vers la centralisation économique et financière ne peut être renversée que par le gouvernement national qui doit disposer des ressources financières et législatives qu'exige la réalisation d'un authentique programme de mise en valeur.

Nous pourrions nous inspirer des mesures prises au Royaume-Uni depuis la guerre pour contrecarrer une tendance semblable et venir en aide aux régions d'Angleterre, d'Écosse et du pays de Galles qui étaient en proie au marasme. De fait, ce ne sont pas seulement les principes socialistes mais aussi la nécessité économique qui ont poussé le gouvernement travailliste à nationaliser certains services et à proposer la nationalisation de quelques autres, y compris l'industrie sidérurgique. Depuis la fin de la guerre, le gouvernement anglais a encouragé la construction de plus de sept cents nouvelles usines importantes, dont plus de quatre cents ont été construites dans des régions éprouvées, grâce à la régie des opérations bancaires, du crédit de la Banque d'Angleterre et des immobilisations nationales, tout en exerçant son pouvoir d'accorder des priorités pour les marchandises rares. Hier soir j'ai causé par téléphone avec un monsieur, qui n'habite pas au Canada mais à New-York, et qui a séjourné six mois en Grande-Bretagne. Il me disait que les transformations opérées dans les régions atteintes par la crise tiennent du miracle. Il a parlé en particulier de la situation dans le Cumberland, où avant la guerre de trente à 40 p. 100 de la population était constamment en chômage. Il a ajouté que d'ici un mois ou deux cette région manquera de main-d'oeuvre.

Certains délégués qui ont assisté à la conférence parlementaire tenue en septembre et en octobre derniers ont visité la partie sud du pays de Galles, par exemple. Je n'étais pas du nombre, mais on m'a dit qu'il y avait eu une expansion considérable dans l'industrie et dans le niveau d'embauchage de cette région, où la misère, la pauvreté et le chômage ont régné pendant des années avant la guerre.

Il est également résulté de tout cela l'amélioration du logement et de la santé, ainsi qu'une diminution énorme du taux de mortalité, notamment la mortalité infantile. Ainsi, dans la ville septentrionale de Jarrow, qu'Ellen Wilkinson a déjà appelée la ville massacrée, la mortalité infantile s'établissait, en 1934, à 95.82 par mille, taux qui est de beaucoup supérieur à la moyenne nationale de 61.92. L'an dernier, par suite du dé-

time region, just as we should have a policy to provide opportunities for prairie youth in the prairie region and for Pacific youth in the Pacific region. The centralization trend, economically and financially, can be reversed only by the national government, which must have both the financial resources and the power to achieve a positive development program.

I suggest to the house that we might find some inspiration in what has been done in the United Kingdom since the war to reverse a similar trend and to assist the depressed areas of England, Scotland and Wales. Indeed it is not only socialist theory but economic necessity which has caused the Labour government to nationalize some facilities and to propose the nationalization of some others, including the steel industry. By controlling the banking and credit policies of the Bank of England and by directing national investment, as well as using its power of granting priorities on things in short supply, since the war the British government has encouraged the building of more than seven hundred new and important factories, more than four hundred of which have been built in depressed areas. Last evening I was talking over the telephone with a gentleman, not a resident of Canada but from New York, who has just spent six months in Britain; and he told me that the transformation in the depressed areas was nothing short of miraculous. He mentioned particularly conditions in Cumberland, where before the war some thirty to forty per cent of the people were continuously idle and unemployed. He went on to say that within a month or two that area will have a shortage of labour.

Some delegates to the parliamentary conference last September and October visited South Wales, for example. I was not one of that party, but they told of the tremendous industrial expansion and mounting level of employment in that depressed area, where for years before the war misery, poverty and unemployment dominated the countryside.

The effect of this is also improved housing, improved health and a tremendous drop in the death rate, particularly the infant mortality rate. Taking as an illustration the northern city of Jarrow, which Ellen Wilkinson once described as the city that was murdered, in 1934 the infant mortality rate was 95.82 per thousand, far above the national average of 61.92. Last year, because of the relocation of industry and employment, it

placement de l'industrie et de la main-d'oeuvre, le taux tombait plus bas que la moyenne nationale et n'était plus que de 39.68 par mille.

La décentralisation de l'industrie, qui, soit dit en passant, exigera chez nous un programme du logement, abaissera considérablement les frais qu'entraîne la mauvaise santé. L'industrie, l'embauchage et tous les bienfaits qui les accompagnent restreignent, quand ils ne les préviennent pas, les effets de l'alimentation insuffisante et de l'encombrement des logis. L'entrée de Terre-Neuve dans la Confédération devrait fournir au Parlement l'occasion d'étudier les programmes qui donneront un nouvel espoir à la région des provinces Maritimes. Les problèmes de Terre-Neuve sont semblables à ceux qui se posent là-bas au chapitre du transport, de la mise en valeur et de la vente de la production. Le Parlement a donc là l'occasion d'adopter une politique nationale de conception hardie.

Je soutiens que nulle province, quelque riche soit-elle, ne peut seule entreprendre pareille tâche, qui exige une étude approfondie des produits primaires et des ressources du pays si l'on veut pouvoir décider quels genres d'industries il faut établir dans les différentes régions trop peu industrialisées ou périclitantes. Evidemment, il faut aussi un programme national bien conçu pour l'utilisation de nos ressources. Il faudrait de plus formuler un programme de conservation, l'adopter et le mettre en vigueur. Je sais que lorsque Terre-Neuve entrera dans la Confédération, Terre-Neuve et les autres provinces auront besoin d'un tel programme de conservation et d'emploi judicieux de nos ressources. En même temps, il nous faudrait un programme national du transport qui serve la nation au lieu d'accentuer les distinctions qui existent actuellement au sujet des moyens et des tarifs de transport. Ces programmes auraient un effet psychologique et matériel non seulement sur les provinces Maritimes mais sur le pays tout entier.

Dans mon discours sur l'Adresse, la semaine dernière, j'ai souligné que nous devrons faire face à des difficultés qu'on a cachées, diminuées, ou dont on a renvoyé à plus tard la solution, à cause des demandes d'après-guerre et du programme de rétablissement européen. Notre économie est donc très vulnérable. Il faudrait formuler et appliquer un vaste programme de développement des ressources canadiennes, y compris celles de Terre-Neuve, dans l'intérêt de toutes les parties du Canada et particulièrement des régions périclitantes ou susceptibles de le devenir. Je le répète, c'est pour la Chambre un devoir auquel l'entrée de Terre-Neuve dans la Con-

fell below the national average, to 39.68 per thousand.

Side by side with the decentralization of industry, requiring for our own country, incidentally, a program of housing, the expenditures on ill-health will drop sharply. The effects of malnutrition and overcrowding are minimized or largely prevented when you have industry, employment and all that goes with it. I say, then, that the entry of Newfoundland into confederation should be an occasion when this parliament should be considering policies that will give new hope to the maritime area. The problems of Newfoundland are similar to those of the maritime areas; transportation, economic development and the marketing of products. I say this is a challenge presented to this parliament at the present time, a challenge to adopt a really imaginative national policy.

It is my contention that no single province, no matter how rich, can alone undertake this kind of thing successfully, for it requires a careful survey of the primary products and resources of the country so that a decision can be reached as to the types of industry which should be located in the several areas that are under-industrialized or depressed. Then, of course, an intelligent national plan for the utilization of our resources is required. Along with that a conservation policy should be formulated, adopted and indeed put into effect. I know that, when Newfoundland comes into this confederation, Newfoundland as well as our other provinces will need a policy of that description for the conservation and intelligent use of resources. Along with that should go a national transportation policy which would serve the nation instead of emphasizing the discrimination in facilities and rates which now exists. All this would have a great psychological and material effect, not only on the maritimes but on the whole country.

When I was speaking last week on the address, I noted that there are difficulties ahead, difficulties which have been obscured, postponed or minimized because of the post-war demands and the European recovery program. Our whole economy is, indeed, very vulnerable. An imaginative plan for the development of Canadian resources, including Newfoundland, in the interests of all parts of Canada and particularly in the interests of the depressed or potentially depressed parts of Canada, should be formulated and begun. As I have said before, I think that is a challenge to this house and an opportunity which the entry of Newfoundland into confederation

fédération donne une actualité toute particulière. Les membres de mon groupe sont disposés à en faciliter l'accomplissement.

Une raison autre que le programme économique des monopoles financiers et industriels qui se sont établis dans les provinces centrales du Canada a-t-elle pendant si longtemps pu empêcher la réalisation, au moins partielle, de la prédiction que faisait sir Leonard Tilley? Celui-ci déclarait dans cette enceinte, en 1879:

"Je ne crois pas pécher par excès d'optimisme en disant que le jour n'est guère éloigné où la population de l'Ouest sera plus nombreuse que celle du Canada et où les provinces Maritimes, grâce à leur houille, à leur minerai de fer et à leurs forces hydrauliques, deviendront le centre industriel de notre vaste dominion."

Il se peut qu'il ait montré trop d'optimisme quant aux Provinces maritimes et à la région occidentale du pays, mais sa prédiction aurait dû se réaliser en grande partie, étant donné que les ressources existent effectivement.

Ceux d'entre nous qui peuvent se reporter aux années de guerre se rappelleront que feu M. McGeer, ancien député de Vancouver-Burrard, de même que l'honorable député de Westminster (M. Reid), l'honorable député de Victoria (M. Mayhew) et moi-même, avons préconisé, au comité parlementaire des dépenses de guerre, une certaine décentralisation de l'industrie de l'acier. Nous avons proposé que l'acier soit produit, si possible, là où les feuilles sont utilisées, et soutenu que les précieux gisements de houille et de fer de l'île Vancouver pourraient servir de fondement à une industrie de l'acier sur la côte du Pacifique qui approvisionnerait les chantiers de construction navale de la province. Le régisseur de l'acier nous répondit alors catégoriquement qu'on n'autoriserait pas une telle initiative parce que l'industrie de l'acier se trouvait déjà bien située et que, une fois la guerre terminée, un accroissement de la production pourrait la placer dans une mauvaise posture advenant un fléchissement de la demande ou l'importation d'acier de pays étrangers.

Bien que les vues de sir Leonard Tilley aient peut-être été trop enthousiastes, on n'a pu trouver aucune autre raison que celles que j'ai énoncées pour préconiser la centralisation de l'industrie, ni pour expliquer pourquoi elle doit être de plus en plus concentrée, non seulement dans une ou deux provinces, ou sous la domination d'un ou deux établissements ou particuliers, mais sous la maîtrise d'industries devenues monopolisatrices tant par leur nature que par leurs méthodes. A

brings forcibly before us. So far as we in this party are concerned, we are prepared to co-operate in accepting that challenge and trying to do something effective about it.

Is there any other reason, Mr. Speaker, except that of the economic policy of the financial and industrial monopolies which have located in the central Canadian provinces, why the prophecy of Sir Leonard Tilley should so long have remained unfulfilled at least in part? Speaking in this house in 1879 Sir Leonard Tilley said this:

"I am not, I think, over-sanguine when I say the day is not far distant when the population in the western country will be greater than in Canada and when the maritime provinces with their coal, iron and water-power will be the manufacturing centre for this vast dominion."

Perhaps he was over-optimistic so far as the maritimes and the western part of the country are concerned. But, in large part, the vision should have materialized, because the resources are there.

Those of us who can look back on the war years can remember a discussion before the war expenditures committee of this house when the late member for Vancouver-Burrard, Mr. McGeer, the present member for New Westminster (Mr. Reid), the present member for Victoria (Mr. Mayhew), myself and others urged there should be some decentralization of the steel industry. We urged that if at all possible steel should be produced where the plates were being used, and that the valuable deposits of coal and iron on Vancouver island might form the basis of a Pacific coast steel industry to supply British Columbia shipyards. We were told categorically by the steel controller of that day that no such development would be permitted because the steel industry was already well located; and, when the war was over, expanded production might be an embarrassment to the steel industry as established owing to a falling-off of demand or the import of foreign steel.

While Sir Leonard Tilley may have been too enthusiastic in his vision, yet there are no reasons, other than those I have given, why industry should be centralized or why it should become concentrated more and more, not only in one or two provinces, not only under the control of one or two corporations and individuals, but under the control of industries which have become monopolistic in their character and in their methods. To my mind, at least, the partial ful-

mon sens, la réalisation partielle des prévisions de sir Leonard Tilley repose pour une bonne part entre les mains des membres actuels de la Chambre des communes.

Terre-Neuve apportera à notre confédération la richesse de ses grandes ressources naturelles, dont plusieurs sont inexplorées et d'autres encore inconnues. Je lisais récemment une déclaration d'un prélat catholique qui avait passé plusieurs années dans l'île, Mgr Sears. Il parlait des excellentes possibilités agricoles de la partie ouest de Terre-Neuve. Le problème de la conservation de ces ressources entre encore en ligne de compte, car c'est à cet endroit de l'île qu'on fait la coupe du bois. Si nous voulons y développer l'agriculture, il nous faudra, comme nous le constatons dans diverses régions du Canada, conserver les arbres ou reboiser les versants dépeuplés.

Je suis très heureux de voir que la présente résolution nous fournit l'occasion de penser non seulement à ce grand événement historique de l'entrée de Terre-Neuve dans la Confédération, mais de songer aussi à sa population admirable qui a une si intéressante histoire, à ses habitants qui luttent encore sans cesse contre de très grandes difficultés. La nation canadienne gagnera beaucoup par cette union. Cela nous permet encore de songer non seulement à l'avenir de Terre-Neuve mais à celui des provinces Maritimes et de tout le Canada, et nous incite à faire notre part dans l'édification d'une nation plus grande encore que celle qu'ont entrevue les auteurs de la Confédération quand, il y a plus de quatre-vingts ans, ils projetaient la confédération de colonies éparses.

M. SOLON E. LOW[128] (Peace-River): Monsieur l'Orateur, je n'ai pas l'intention de parler longuement cet après-midi, car les orateurs qui m'ont précédé ont déjà exposé la question avec assez de détails et en termes heureux. Toutefois nous croirions manquer à notre devoir en nous abstenant de dire que, nous aussi, au sein de notre grand mouvement d'envergure nationale, appuyons sans réserve le principe dont s'inspire le projet de résolution. Les créditistes se réjouissent de constater que le processus de la Confédération, commencé il y a plus de 85 ans, semble entrer dans ses dernières phases. Nous nous unissons aux autres groupes pour souhaiter la bienvenue à Terre-Neuve dans la communauté canadienne des provinces dans le Dominion du Canada. Si elle veut bien ratifier l'accord qui nous sera présenté en temps opportun, nous lui ferons l'accueil le plus chaleureux. Nous espérons bien que la divine Providence daignera met-

[128]Chef du Crédit social.

filment of this vision of Sir Leonard Tilley lies largely in the hands of the present members of this House of Commons.

Newfoundland will come into confederation with her great resources, many of them unsurveyed and many of them unknown. Not long ago, I read a statement by a Roman Catholic prelate who had spent many years on the island, Monsignor Sears, who spoke of the fine agricultural possibilities in western Newfoundland. Again, the problem of conservation enters because that is where lumber is being cut. If we are going to have agriculture, as we are finding out in many parts of our country, we have to conserve our trees or reforest the slopes when they are denuded.

I am very glad that this resolution gives us an opportunity of thinking not only of the great historic event of the entry of Newfoundland into confederation, but also of her sterling people with their interesting history, people who have fought against great odds in the past and are fighting against them now. They will add much to our Canadian nation. It offers us too the opportunity to think not only of the future of Newfoundland but of the future of the maritime region, and indeed of that of all of Canada, and to impress upon us that we must do our part in the building of a far greater nation than even the fathers of confederation visualized when they planned complete confederation of the scattered colonies over eighty years ago.

Mr. SOLON E. LOW[128] (Peace River): Mr. Speaker, it is not my purpose to take a great deal of time this afternoon, because I feel that the ground has been quite adequately and well covered by the speakers who have already taken part in this debate. I feel, however, that we would be remiss in our duties and responsibilities if at this time we did not say something to indicate that we too, in our great movement across Canada, support the principle of this resolution without any qualification. The social credit movement rejoices that the process of confederation, which started more than eighty-five years ago, seems now to be entering its final stages. We join in welcoming Newfoundland into the Canadian community of provinces, the Dominion of Canada. To her, if she should choose to ratify the agreement which will be brought before us in due course, we extend the warmest possible welcome. At the same time we express the sincere

[128]Leader of the Social Credit Party.

tre son empreinte sur le Canada agrandi, afin qu'il progresse et réalise pleinement sa noble destinée.

J'ai l'espoir que les termes de l'entente entre nos deux pays, tels qu'ils seront approuvés finalement, donneront à la population du Canada et à celle de Terre-Neuve de telles raisons d'en être satisfaites, qu'ils demeureront inviolables pour longtemps. Mais que seulement 44 p. 100 des électeurs aient voté en faveur de la confédération, lors du referendum du 22 juillet 1948, voilà qui, je l'avoue, me cause une certaine appréhension. Il est vrai qu'une majorité de ceux qui ont voté ont appuyé le rattachement. Je ne m'en prends à personne sauf aux électeurs eux-mêmes, s'ils ne [se] sont pas rendus au bureau de scrutin. Je crois, néanmoins, que nous aurions été plus sûrs et plus heureux des résultats si les électeurs de Terre-Neuve, ayant montré assez d'intérêt, avaient appuyé l'union à une majorité incontestable et absolue. J'espère, évidemment, que la grande majorité des Terre-neuviens viendront à comprendre et à se rendre compte de la portée du geste que nous posons et qu'ils lui donneront éventuellement de tout coeur leur appui.

On a parlé longuement cet après-midi de la population de Terre-Neuve et de son grand pays. Jusqu'ici tous les préopinants ont, à juste titre, vanté les qualités des Terre-neuviens. Je partage l'admiration qu'on a exprimée à l'endroit de ce noble peuple et de ses réalisations. Il a dû surmonter de grandes difficultés. En s'unissant à nous, les Terre-neuviens enrichiront l'ensemble des qualités du peuple canadien. Leurs qualités spirituelles, morales, physiques et intellectuelles ne sont certes pas inférieures aux nôtres. Nous savons que leur pays possède des ressources et des avantages stratégiques de première importance. Nous nous en rendons compte. Cependant, les avantages ne sont pas tous du même côté. Si nous avons la bonne fortune de consommer l'union entre le Canada et Terre-Neuve, notre pays gagnera beaucoup, mais il en sera de même pour Terre-Neuve. J'affirme bien consciemment que notre pays est le meilleur du monde. Je crois, j'ai toujours cru, que le Canada est appelé aux plus hautes destinées. A mon sens, le Canada se révélera, au cours des années à venir, le véritable rempart de l'Amérique, non seulement du point de vue matériel, mais aussi du point de vue moral et spirituel.

hope that divine Providence will set His seal upon the greater Canada to the end that she may go forward and realize fully her great destiny.

I hope that the terms of agreement between our two countries, as finally approved, will be so satisfactory to both the people of Canada and the people of Newfoundland that it will stand unchallenged for many years to come. I confess, though, that I have felt some misgiving arising out of the fact that, when the second referendum took place on July 22, 1948, only 44 per cent of the electorate voted for confederation. It is true, I admit, that, of those who voted, a majority voted for union. I do not suggest at all that anyone was at fault except the electors themselves, in that they did not get out to the polls. I believe, however, that we all could have felt more secure and happier about the result if sufficient interest had been taken by all the electorate in Newfoundland so that, when the vote took place, there would have been an undoubted, overall majority of the electors supporting union. I hope of course that the great majority of the people of Newfoundland will eventually come to understand and appreciate the step that is being taken and that they will eventually give to it their wholehearted support.

Much has been said this afternoon about the people of Newfoundland and about their great country. Thus far all the speakers have extolled the virtues of Newfoundlanders, and quite rightly so. I share in the admiration that has been expressed for this great people and for what they have accomplished under, as we all understand, great difficulties. If the Newfoundlanders confederate with us, they will definitely enrich the sum total of the qualities of the people of greater Canada. Their spiritual, moral, physical and cultural qualities are certainly no less than our own. We know of course that their country possesses resources and strategic values of great importance. We appreciate all of these; nevertheless the advantage will not be all on one side. Let me say that if we are fortunate enough to have Newfoundland join with Canada, Canada will gain much. At the same time, let me say that Newfoundland also will gain much. We have here the greatest country on the face of the earth, and I say that in full realization of the magnitude of the statement I am making. I believe, and have always believed, that Canada has a great destiny. I believe that in the years to come Canada will prove to be the real bulwark of the whole of America, not only materially, but spiritually and morally as well.

J'ai toujours été fier de ce que le Canada soit le seul pays de l'Amérique qui prescrit encore par statut l'observance du jour du Seigneur. On ne s'en rend peut-être pas compte en ce moment, mais c'est ce qui inculque à notre pays une force morale qui ne se voit nulle part ailleurs sur notre continent. J'espère que certains éléments au pays qui cherchent à faire abroger ce statut, afin de permettre le dimanche ce qui se fait les autres jours, abandonneront leurs démarches en ce sens et s'uniront à nous afin que les Canadiens continuent de respecter comme il convient le jour du Seigneur.

Si Terre-Neuve décide d'approuver l'accord et de se joindre à nous, j'espère qu'elle nous aidera à défendre ce que nous estimons un des fondements de la puissance de notre grand pays. Nous avons au Canada une population, à mon sens, sans égale dans le monde. Notre pays, s'il est exploité d'après de solides principes économiques, peut donner à la population un niveau d'existence inconnu ailleurs. En outre, nos gens, nous le reconnaissons, vont de l'avant. Il leur arrive d'être parfois trop inertes, mais une fois ébranlés, ils agissent promptement; à la longue, ils s'engagent dans la bonne voie et choisissent la ligne de conduite appropriée.

Je le signale afin que, par la suite, personne ne puisse alléguer qu'en cette occasion historique nous n'avons pas rappelé à nos amis de Terre-Neuve, qui s'uniront peut-être à nous, — du moins nous l'espérons, — que le sort les favorise en leur offrant l'occasion d'entrer dans la Confédération, tout comme nous sommes fortunés de nous joindre à eux. Souhaitons que lorsque le pays s'étendra, de fait, d'une mer à l'autre, les gens d'une extrémité à l'autre du Canada agrandi s'uniront pour aller de l'avant afin que le pays devienne le plus beau de l'univers, que son peuple y soit le plus heureux au monde et que le Canada se dresse comme le véritable rempart, — spirituel, matériel et moral, — de l'hémisphère occidental.

L'hon. BROOKE CLAXTON (ministre de la Défense nationale):[. . .]

. . .

Ces éléments dont je vous ai parlé représentent l'évolution immense des fonctions et du champ d'action du gouvernement. Ils reflètent aussi la complexité énormément accrue des questions qu'il a fallu traiter au cours des entretiens avec les représentants, d'abord de la Convention, et en second lieu, du gouvernement de Terre-Neuve. Ces entretiens ont commencé, comme l'a dit le

I have always appreciated the fact that Canada is the one part of America that retains by statute observance of the Sabbath day. That fact gives to our country a moral strength which cannot be found in any other part of America. It may not be appreciated now, but I am strongly hoping that certain forces in our country, who today are moving to repeal that statute and to throw open the Sabbath day to the same activities that take place on week days, will forget their aims and objectives and join with us in maintaining in this country the Sabbath day as it should be.

When Newfoundland comes in, if she chooses to approve this agreement, I express the hope that she too will join with us in trying to defend what we consider to be one of the fundamental strengths of our great country. We have in Canada, in my opinion, a people second to none anywhere in the world. We have a country which, if properly developed on sound economic lines, can yield to its people a standard of living unequalled in any part of the world. We also have in our country, and it is a fact we all appreciate, a forward-looking people who, though they are sometimes given to inertia, when they are moved gather momentum and in due course, I think, find the right path and do what is right.

I say these things for the reason that I do not want it said at any time that, on this historic occasion, we did not point out to our friends from Newfoundland who may join with us, as we hope they will, that they are fortunate in the opportunity that confederation offers to them, just as we are fortunate in having them join with us. When our country, in very fact, reaches from sea to sea, Mr. Speaker, let us express the hope that, from one end of that greater Canada to the other, our people will join hands and march forward determined to make this country the finest place in the world in which to live; to build the happiest people it is possible to find anywhere on the face of the earth; and indeed to build here for the western hemisphere a real bulwark, spiritual, material and moral.

Hon. BROOKE CLAXTON (Minister of National Defence):[. . .]

. . .

These matters that I have mentioned represent the immense change that has taken place in the functions and in the scope of government, but they also show an immense increase in the complexity of the subjects that had to be dealt with in the discussions with representatives, first of the convention, and then of the government of Newfoundland. These discussions started, as has

premier ministre, en 1947 quand les représentants du Cabinet ont conféré pendant plusieurs mois avec des représentants de la Convention. A la suite de ces pourparlers on a élaboré une proposition intituléé "Arrangements proposés en vue de l'entrée de Terre-Neuve dans la confédération." Le sous-titre est très important, puisqu'il se lit ainsi: "Conditions qui semblent constituer une base d'union juste et équitable de Terre-Neuve et du Canada au cas où la population de Terre-Neuve désirerait entrer dans la Confédération." Ils sont datés du 29 octobre 1947. Le premier ministre du Canada à l'époque, M. W. L. Mackenzie King, les a fait parvenir à Son Excellence Sir Gordon Macdonald, K.C.M.G., gouverneur de Terre-Neuve, accompagnés d'une lettre en date du même jour. Les dispositions des arrangements proposés ont été élaborées par le comité représentant la Convention et présidé par M. F. G. Bradley, K.C., et par le gouvernement canadien dirigé par le premier ministre d'alors, M. Mackenzie King.

Dès que les conditions sont parvenues au gouverneur et au gouvernement de Terre-Neuve, elles ont été déposées à la Chambre et communiquées aux journaux. Les Terre-neuviens connaissaient ces conditions lorsque, à l'occasion du second referendum, ils ont décidé d'entrer dans la Confédération. Ceux qui soulèvent des objections parce que les conditions de l'union ont fait l'objet de négociations avec les représentants du gouvernement de Terre-Neuve, plutôt qu'avec les délégués désignés pour représenter un gouvernement autonome, doivent d'abord se rappeler que c'est le gouvernement britannique qui a décidé de demander aux Terre-neuviens, lors du plébiscite, s'ils désiraient entrer dans la Confédération; en outre, ils ne doivent pas oublier que, lorsque la majorité s'est montrée favorable au projet, les Terre-neuviens connaissaient les conditions, puisque des représentants du peuple, — y compris les membres de la Convention, qui avaient envoyé une députation étudier ici ces conditions, — les leur avaient expliquées.

Dans les circonstances, le Gouvernement était tenu d'entamer des négociations avec les représentants du gouvernement de Terre-Neuve. Les Terre-neuviens ayant décidé par voie du plébiscite d'entrer dans la confédération et ayant pris connaissance des conditions de leur admission, le Gouvernement ne pouvait faire autrement que d'accepter de négocier et de discuter les conditions de l'union avec les représentants du gouvernement de Terre-Neuve. Ce n'est pas plus compliqué que cela. Le gouvernement anglais ayant permis de soumettre au peuple la question de l'union au Canada, le Gouvernement ne pouvait

been said by the Prime Minister, in 1947 when representatives of the cabinet met for several months with a committee representing the convention. In consequence of that discussion a proposal was produced headed "Proposed arrangements for the entry of Newfoundland into confederation." The subheading is very important. It reads as follows: "Terms believed to constitute a fair and equitable basis for union of Newfoundland with Canada should the people of Newfoundland decide to enter into confederation." It is dated October 29, 1947. By a letter dated the same day it was forwarded to His Excellency, Sir Gordon Macdonald, K.C.M.G., governor of Newfoundland, by the then Prime Minister of Canada, Mr. W. L. Mackenzie King. These terms for proposed arrangements had been worked out by the committee representing the convention under the chairmanship of Mr. F. G. Bradley, K.C., and by the Canadian government under the then Prime Minister, Mr. Mackenzie King.

These terms were made available to the governor and the government of Newfoundland and then they were tabled in the house and released to the press. The terms were before the people of Newfoundland when on the second referendum they decided to enter confederation. I would submit that those who have some difficulty over the fact that the terms of union have been negotiated with representatives of the government of Newfoundland, rather than with those appointed to represent a responsible government in Newfoundland, must take into account the fact that first it was the British government which decided to put the question as to whether they wished to enter confederation on the plebiscite which was put before the people of Newfoundland; and, secondly, that at the time, when a majority of the people answered yes, they had these terms before them, and those terms had been explained by representatives of the people, including the members of the convention who had sent representatives to discuss the terms here.

That having been done, I submit this government had no choice but to proceed to meet the representatives of the government of Newfoundland. Once there was a plebiscite on whether or not Newfoundland should enter confederation, once the people with the terms before them had decided in favour of entering confederation, then this government could not do other than express its willingness to entertain negotiations and to discuss the terms of union with the representatives of the Newfoundland government. It really is as simple as that. Once the British government had allowed the question of joining confedera-

pas choisir ce qui lui restait à faire. C'est alors que le gouvernement de Terre-Neuve, par l'intermédiaire de la Commission de gouvernement, a chargé les sept personnes, dont le premier ministre (M. St-Laurent) nous a rappelé les noms, d'engager des négociations à Ottawa.

Ces personnes sont venues ici et nous les avons rencontrées. J'aimerais raconter à la Chambre la façon dont les négociations se sont poursuivies. Nous sentons tous le caractère historique du moment et l'importance, pour notre population et même pour les générations futures, de consigner au *Hansard* quelques notes sur la façon dont les négociations se sont déroulées. A mon titre de membre du comité ministériel, j'ai eu un rôle à jouer dans ces négociations, et à mon titre de président suppléant, en l'absence inévitable du premier ministre, il m'a fallu présider à la conférence et accomplir une bonne partie du travail de préparation et de discussion, à toutes les étapes des négociations.

Je possède, en matière de conférences, une expérience assez considérable. J'ai participé aux conférences fédérales-provinciales de 1941, 1945 et 1946, à des conférences tenues avec des représentants des provinces sur des sujets différents, ainsi qu'à des conférences internationales portant sur divers aspects des affaires internationales. Nulle conférence où j'ai eu le privilège de représenter ou le Gouvernement ou le pays n'a été conduite avec autant d'attention que celle-ci pour la cause exclusive de l'intérêt et du bien-être des intéressés, en l'occurrence, la population du Canada et celle de Terre-Neuve.

Je désire rendre un hommage à la délégation de Terre-Neuve sous la présidence d'un avocat, citoyen et homme d'État des plus distingués, sir Albert J. Walsh, c.r. A titre de président de la délégation de Terre-Neuve, il a démontré la plus grande habileté, — et ténacité aussi, — en expliquant la position et les droits de la population de Terre-Neuve. Il a exprimé les vues qu'il croyait de son devoir d'exposer avec une courtoisie, une impartialité et une franchise qui ont empreint toutes les délibérations.

C'est dans cette atmosphère que le travail s'est accompli. Il n'y a pas eu de querelles, pas de médisance, pas de récriminations, rien n'a transpiré soit par accident ou autrement; en aucune occasion a-t-on manqué de franchise et il n'y a pas eu d'accusation. On n'y a vu que l'effort constant et avisé que faisaient des gens bien intentionnés afin de trouver une base juste et équitable qui

tion to be put before the people, then this government had no choice whatsoever in the subsequent course it followed. In consequence, the government of Newfoundland, acting through the commission of government, appointed the seven gentlemen, whose names were given by the Prime Minister (Mr. St. Laurent), to come here to enter into negotiations.

They arrived and were met; and I should like to tell the house something of the course of those negotiations. We recognize that this is an historic occasion, and it may be useful for our own people, yes, and perhaps for future generations, to have a note placed on *Hansard* as to the way in which negotiations were carried on. As a member of the cabinet committee, I had something to do with those negotiations and as deputy chairman, when the Prime Minister could not attend, it was my responsibility to preside at the conference, and to do a good deal of the work of preparation and discussion at all stages.

My experience in conferences includes the dominion-provincial conferences of 1941, 1945 and 1946, and conferences with representatives of the provinces dealing with different matters at different times, as well as conferences with other nations dealing with various aspects of international affairs. Thus far, no conference at which it has been my privilege to represent the government or the country has been conducted with closer attention to the sole interests and welfare of the people concerned — in this instance, the people of Canada and the people of Newfoundland — than was this conference.

I should like to pay tribute to the delegation representing Newfoundland, under the chairmanship of a most distinguished lawyer, citizen and statesman, in the person of Sir Albert J. Walsh, K.C. As chairman of the Newfoundland delegation he showed great capacity — and tenacity, too — in explaining the position and rights of the people of Newfoundland. He put forward those views he felt it his duty to express, and did so with a courtesy and fairness as well as a frankness which inspired the whole proceedings.

That was the atmosphere in which the work was carried on. There was no bickering; there was no backbiting; there were no recriminations; there were no leaks, either accidental or inspired; there were no occasions when there was a lack of frankness; there were no charges. There was the steady and competent effort by well-meaning people to see if they could not arrive at a fair and

permette à nos deux pays de s'unir ou [*sic*] de s'associer.

La conférence s'est ouverte le 6 octobre de l'an dernier, et elle s'est poursuivie sans interruption jusqu'au moment où l'entente s'est faite quant aux conditions de l'union. La dernière séance plénière a eu lieu le 11 décembre dans la salle du Sénat, où s'était tenue la séance d'ouverture. Par conséquent, les pourparlers ont duré deux mois. A part la tenue de la séance plénière, il y a eu l'établissement d'un nombre considérable de sous-comités. Ces derniers sont énumérés à la page 81 du rapport et des documents que le secrétaire d'État aux affaires extérieures (M. Pearson) a déposés aujourd'hui;[129] ils avaient à s'occuper de divers sujets: rédaction, finances, pêcheries, transport et affaires des anciens combattants. Leurs délibérations se sont poursuivies presque sans interruption.

Le sous-comité de rédaction, en plus d'examiner les modalités des conditions d'union et la forme que prendrait le projet de loi, a étudié les statuts canadiens et terre-neuviens qui pourraient se trouver en cause, ainsi que le mode de procédure qui pourrait être suivi dans la présentation d'un mémoire à Westminster. Si je ne me trompe, ce sous-comité a préparé non moins de quatorze avant-projets de conditions d'union après qu'il eût commencé à en soumetre à la conférence plénière, et un bon nombre aussi auparavant. Comme je viens de le dire, on a donc continué ce travail pour ainsi dire jour et nuit pendant plus de deux mois, du 6 octobre au 11 décembre l'an dernier, date où fut signé le pacte d'union, au Sénat, par les représentants du Canada et de Terre-Neuve.

Au cours des pourparlers, les délégués de Terre-Neuve soulevèrent divers points, dont plusieurs furent présentés sous forme de questions écrites et sur lesquels ils revinrent à l'occasion, au cours des délibérations. Il fut finalement décidé que ces points seraient exposés dans un document accompagnant les conditions de l'union et intitulé: "Mémoire relatif aux questions soulevées par la délégation de Terre-Neuve aux cours des négociations ayant pour objet l'union de Terre-Neuve et du Canada." Ce mémoire, accompa-

[129]Le document en question est Canada, *Rapport et Documents relatifs aux négociations en vue de l'union de Terre-Neuve et du Canada*. Ministère des Affaires extérieures, Recueil des conférences, 1948, N° 2. Ottawa: Imprimeur du Roi, 1949. La liste des sous-comités est reproduite à l'appendice H.

equitable basis upon which our two countries could enter into union and partnership.

The conference began to meet on the 6th of October of last year, and was continuously in session until the terms of union were settled. The conference had its final plenary session in the Senate chamber, as it did its opening session, on the 11th December. Thus some two months were occupied in arriving at the terms. In addition to the plenary sessions of the conference, a number of subcommittees were set up. They are enumerated on page 81 of the report and documents which the Secretary of State for External Affairs (Mr. Pearson) tabled today.[129] They included subcommittees on drafting, finance, fisheries, transport and veterans affairs, which met in practically continuous session from the beginning to the end.

The subcommittee on drafting, in addition to considering the form which the terms of union and the bill should take, also considered the Canadian statutes and the Newfoundland statutes that might be affected, as well as the procedure that might be adopted in making a submission to the parliament at Westminster. Altogether the subcommittee on drafting produced not less than fourteen drafts of the terms of union after they had begun to be submitted to the plenary conference, and also a number before. This work, as I say, continued night and day throughout the more than two months from the 6th October until the 11th December of last year. On the 11th December the terms of union were signed by representatives of Canada and Newfoundland at the ceremony in the Senate chamber.

In addition, a number of points had been raised by the Newfoundland delegation in the course of the proceedings. Many of these were put in the form of written questions, and others were raised from time to time throughout the deliberations. It was decided in the end that they should be dealt with in a document accompanying the terms of union and headed, "Statements on questions raised by the Newfoundland delegation during the negotiations for the union of Newfoundland with Canada." These were trans-

[129]The document in question is Canada, *Report and Documents Relating to the Negotiations for the Union of Newfoundland with Canada*. Department of External Affairs, Conference Series, 1948, No. 2. Ottawa: King's Printer, 1949. The list of sub-committees is printed in Appendix H.

gné d'une lettre, fut adressé le 11 décembre 1948 à M. Walsh, président de la délégation de Terre-Neuve, par le très honorable Louis S. St-Laurent, en sa qualité de premier ministre du Canada.[130][. . .]

. . .

Dans leurs discours de cet après-midi, le premier ministre (M. St-Laurent), le chef de l'opposition (M. Drew), le député de Rosetown-Biggar (M. Coldwell) et le député de Peace River (M. Low) ont parlé de la réputation et des caractéristiques de la population de Terre-Neuve. Les constatations que nous avons faites au cours des négociations, qui ont duré un an et demi, confirment entièrement les éloges qu'on a adressés aux Terre-neuviens. Jamais nous n'aurions pu traiter avec des gens plus sympathiques. D'ailleurs, nos soldats, nos marins et nos aviateurs qui ont servi à Terre-Neuve durant la guerre ont fait les mêmes constatations. Le premier ministre et le chef de l'opposition ont parlé du rôle important que Terre-Neuve a joué pendant la première et la seconde guerres mondiales. Au cours de la première Grande Guerre, plus de 10,000 Terre-neuviens, semble-t-il, ont servi dans les armées de leur pays, et dans celles de la Grande-Bretagne, du Canada et des autres pays alliés. Au cours de la seconde Grande Guerre, plus de 10,000 ont servi outre-mer. De plus, quelque 1,500 hommes et 600 femmes ont servi dans les forces armées du Canada. En tout, environ 13,000 ont fait, d'une façon ou d'une autre, leur service militaire. Dans son ouvrage *The Canadian Army, 1939-1945*, le colonel C. P. Stacey, directeur des annales, rapporte ce qui suit:

"Les gouvernements du Canada et de Terre-Neuve ont collaboré étroitement dès le début de la guerre. Terre-Neuve a fourni au C.A.R.C. tous les avantages à sa disposition. Le Canada a fourni à Terre-Neuve de l'équipement dont quelques canons pour la défense côtière. A la chute de la France, en juin 1940, des mesures ont été prises aussitôt en vue de sauvegarder le grand aéroport de Gander et la base d'hydravions de Botwood. Un bataillon d'infanterie, une unité d'avions de reconnaissance, envoyés en hâte, ne constituaient que l'avant-garde de forces plus importantes."

Le colonel Stacey traite ensuite la collaboration étroite de nos forces sur mer, sur terre et dans l'air. Un ouvrage de M. Joseph Schull, à paraître bientôt sous l'autorité du ministre de la Défense nationale, rapporte ce qui suit:

mitted by the Right Hon. Louis S. St. Laurent as Prime Minister of Canada in a letter dated December 11, 1948, addressed to Mr. Walsh, chairman of the Newfoundland delegation.[130][. . .]

. . .

The Prime Minister (Mr. St. Laurent), the leader of the opposition (Mr. Drew), the member for Rosetown-Biggar (Mr. Coldwell), and also the member for Peace River (Mr. Low), in their speeches this afternoon, referred to the character and the characteristics of the people of Newfoundland. Our experience during these negotiations extending over a period of a year and a half completely confirms everything that has been said in praise of the people of Newfoundland. Our experience could not have been better. It is also confirmed by the experience of the Canadian soldiers, sailors, and airmen who served in Newfoundland during the war. The Prime Minister and the leader of the opposition referred to the great part played by Newfoundland in the first as well as in the second world war. It appears that in the first war a total of more than ten thousand residents of Newfoundland served in their own forces and in the forces of Great Britain, Canada, and the other allied countries. In the second world war a total of more than ten thousand served overseas, and in addition some 1,500 men and 600 women served in the Canadian armed forces. Altogether a total of something like 13,000 saw service of one kind or another. In his book *The Canadian Army, 1939-1945*, Colonel C. P. Stacey, director of history, has this to say at page 43:

"There was close co-operation between the Canadian and Newfoundland governments from the outbreak of war. Newfoundland afforded all facilities to the R.C.A.F.; Canada provided Newfoundland with equipment including some coast defence guns; and when France collapsed in June, 1940, steps were immediately taken to safeguard the great airport at Gander and the seaplane base at Botwood. An infantry battalion and a flight of bomber reconnaissance aircraft, now hastily despatched, were only the vanguard of larger forces."

Then Colonel Stacey goes on to describe the very close co-operation at sea, on land and in the air between our armed forces. In a book to be published shortly under the authority of the Minister of National Defence, on naval operations during the war, written by Joseph Schull, this is said:

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[130]Document 805.

"Saint-Jean a été une capitale hospitalière et légendaire où il était rare qu'un homme ne trouvait pas à manger dans un de ses foyers. Il y avait là des auberges accueillantes, approvisionnées et exploitées par des organismes bénévoles canadiens. A Saint-Jean, un comité d'accueil agréait et remplissait sans faire de l'esbrouffe la demande que faisait un navire arrivant de rallier une centaine de jeunes filles pour un bal le soir même . . . .

Nulle part ailleurs au monde se trouvait-il un refuge tout à fait comme le *Crow's Nest*; il fallait monter cinquante-neuf marches le long d'un vieil édifice, — officiellement désigné sous le nom de *Seagoing Officers' Club*. Ses portes étaient ouvertes à tous les officiers des navires de guerre et de la marine marchande alliés. On se rappelait par tout l'univers, — et il en est sans doute encore de même, — cette salle bruyante et enfumée, remplie d'écussons et de cloches de navires et dont les mûrs étaient couverts de souvenirs."

Il est donc juste de dire que Saint-Jean occupait dans le coeur des officiers et matelots de notre marine de guerre ou de commerce une aussi grande place que les ports canadiens. Une bonne partie de notre flotte considérait la ville comme son port d'attache. Pour ce motif et les autres déjà mentionnés, nous serons des plus heureux d'accueillir Terre-Neuve dans la Confédération.

Cependant, ce n'est pas d'hier que nous travaillons ensemble à notre défense commune. On rapporte que cinq compagnies du régiment de Terre-Neuve sont venus dans le Haut-Canada durant la guerre de 1812. Je suis heureux que l'article 44 des conditions d'union renferme le passage suivant au sujet des effectifs de défense:

"Le Canada assurera le maintien, dans la province de Terre-Neuve, d'unités de réserve appropriées des forces canadiennes de défense, qui comprendront le régiment de Terre-Neuve."

Si l'Union devient fait accompli, nous entendons perpétuer le nom et les coutumes de ce beau régiment en l'incorporant à l'armée canadienne. La fusion des traditions militaires de Terre-Neuve et du Canada sera avantageuse de part et d'autre.

. . .

L'hon. M. CLAXTON: C'est précisément ce dont j'ai parlé. Terre-Neuve forme partie de la configuration de l'Amérique du Nord. L'île, qui compte 330,000 habitants, a une superficie de 42,000 milles carrés. C'est dire que, plus grande que l'Irlande, elle a une étendue qui correspond à 84 p. 100 de la superficie globale des provinces

"St. John's was a hospitable and storied capital where few men lacked a home to go to for a meal. There were friendly hostels, provided, stocked and operated by Canadian service organizations; and there was a St. John's hospitality committee which could receive and fill without blinking the request of an incoming ship for a hundred girls and a dance "tonight" . . . .

Perhaps nowhere in the world was there a garret exactly like the Crow's Nest; fifty-nine steps from street level up the outside of an old store building — officially named the Seagoing Officers' Club and open to officers of the allied fighting ships and the merchant navy. Reminiscences went round the world, and doubtless are still on the wing, of that loud and smoky room where ships' crests and bells and trophies hung thick on every wall."

It is true to say that, in the hearts of the officers and men of our navy and our merchant marine, St. John's occupied as large a place as any Canadian port. It was regarded as the home port of a large part of the Canadian fleet. On this account, as well as the others that have been mentioned, we shall be especially glad to welcome Newfoundland into confederation.

But this story of working together in our common defence is not a recent one. It is reported that five companies of the Newfoundland regiment were sent to Upper Canada during the war of 1812; and I am glad indeed that, in the terms of union, reference is expressly made in paragraph 44 to defence establishments, as follows:

"Canada will provide for the maintenance in the province of Newfoundland of appropriate reserve units of the Canadian defence forces, which will include the Newfoundland Regiment."

So if union is consummated it is our intention to see that this great regiment is perpetuated, with its name and its traditions, as one of the components of the Canadian armed forces. By joining the military traditions of Newfoundland and Canada, we will be enriching both.

. . .

Mr. CLAXTON: That is what I was referring to. Mr. Speaker, Newfoundland forms part of the geographical pattern and formation of North America. This island with a population of 330,000 has an area of 42,000 square miles, larger than Ireland and amounting to 84 per cent of the combined area of the maritime provinces. But in

Maritimes. En outre, le Labrador, qu'un jugement attribuait à Terre-Neuve en 1927, a une superficie de 110,000 milles carrés. Terre-Neuve se trouve à l'embouchure du golfe Saint-Laurent. Le Canadien revenant au pays d'un voyage à l'étranger a l'impression, lorsqu'il voit Terre-Neuve, en franchissant le détroit de Belle-Isle, que s'il n'est pas encore chez lui, du moins il n'en est pas éloigné. Nous éprouverons à l'avenir une immense satisfaction en songeant, lorsque nous atteindrons l'île, au retour, que c'est là un coin de la patrie, du sol natal.

On a aussi parlé des ressources de Terre-Neuve. Les pêcheries y sont magnifiques. L'île compte également deux grandes usines de papier et de bois à pâte, dont l'une, celle de Bowater, est la plus grande usine de papier au monde. Soixante-quinze maisons qui sont autant d'industries secondaires occupent 3,500 employés. Outre les mines de fer de Belle-Isle,[131] il y a divers gisements d'autres minerais. Nous croyons que, bien prospectées et rationnellement exploitées, les ressources de Terre-Neuve nous apporteront bientôt, outre les motifs historiques, raciaux et géographiques, de sérieux motifs économiques, de nous unir.

Je suis persuadé que l'union sert les intérêts des deux pays. Nous avons appris qu'en général le mariage de personnes plutôt adultes a toutes chances d'être heureux, parce qu'elles ont appris à faire preuve de tolérance et de compréhension. Nous espérons que cette entente nous aidera à traverser des passes difficiles, car la réalisation des conditions de l'union comportera évidemment des difficultés. Mettant en commun nos expériences, nous parviendrons à nous faire une existence meilleure que si nous étions restés séparés. Tout nous engage à appuyer cette mesure. Je suis persuadé que les Terre-neuviens, comme d'ailleurs les Canadiens, seront heureux de savoir que la présente discussion aura été conduite d'une façon qui montre bien qu'il s'agit d'un événement important dans la vie du Canada.

A l'époque de la Confédération, D'Arcy McGee, qui représentait une partie de la circonscription que j'ai l'honneur de représenter en ce moment, déclarait:

"Je vois, dans un avenir qui n'est pas très lointain, une grande nation bordée, tel le bouclier d'Achille, par la lisière bleue de l'océan. Je la

[131]En réalité, l'île Bell.

addition Labrador, which since 1927 has been found to form part of Newfoundland, has an area of another 110,000 square miles. Newfoundland is situated at the mouth of the gulf of the St. Lawrence; and those of us who have come home from abroad, on coming within sight of Newfoundland going through the strait of Belle Isle, have felt that if we were not at home, at least we were getting close to it. It will be a source of the greatest possible satisfaction to us in the future if, when we reach the island on the way home, we really can feel that this is part of our home, our native land.

Then, sir, the resources of Newfoundland have been referred to. They have great fisheries. They have two great pulp and paper plants, one of them, Bowater's, being the largest paper mill in the world. There are seventy-five firms constituting secondary industries, with some 3,500 employees; and in addition to the iron ore mines of Belle Isle,[131] there are various other mineral deposits. Our belief is that, properly explored and developed, these resources of Newfoundland will soon establish the soundest possible economic as well as historical, racial and geographic reasons for union.

Our conviction is that it is in the interests of both countries that we should join together. Common experience is that generally speaking a marriage between fairly mature adults is likely to be successful, because they have gained something in the way of tolerance and understanding. Our hope is that that understanding will help us over the difficult times, because there will be difficult times, in working out the terms of our union. On the basis of our separate experiences, we will be able to build a better common life than either of us can separately. There is every reason for our supporting this measure. I am sure it will be a matter for the utmost gratification to the people of Newfoundland, as well as to the people of Canada, that the debate on this subject should have been carried on in a way which recognizes to the full that this is an important occasion in the life of Canada.

At the time of confederation, Mr. Speaker, D'Arcy McGee, who then represented part of the constituency I have the honour to represent, said this:

"I see, in the not remote future one great nationality bound, like the shield of Achilles, by the blue rim of the ocean. I see it quartered into

[131]In fact, Bell Island.

vois divisée en plusieurs parties, chacune réglant à son gré ses affaires intérieures, mais reliées entre elles par des institutions libres, des rapports libres, un commerce libre. Je vois une génération d'hommes industrieux, heureux, bons, nommément et effectivement libres, des hommes aptes à maintenir, en guerre comme en paix, une constitution digne d'un tel pays."

Je crois que cet espoir de D'Arcy McGee est aujourd'hui sur le point d'être réalisé par le rattachement de Terre-Neuve au Canada, pour le plus grand bien de nos deux peuples et, sans doute aussi, des peuples des autres pays.

M. A. M. NICHOLSON[132] (Mackenzie): Monsieur l'Orateur, je fais miennes les observations de tous les honorables préopinants qui, au cours du présent débat, ont parlé de la bonne entente qui règne depuis tant d'années entre les Terre-neuviens et les Canadiens.[. . .]

. . .

Le chef de notre groupe a parlé cet après-midi de quelques-uns des problèmes auxquels nous devons faire face de concert avec les Terre-neuviens. Les gens de Terre-Neuve seront très loin d'Ottawa. Ils éprouveront des difficultés identiques à celles que d'autres, qui habitent également très loin du centre du Canada, ont éprouvées depuis la confédération. Le Parlement doit être bien certain qu'on ne considérera pas l'acquisition de Terre-Neuve comme un nouvel empire dont on confiera l'exploitation à des capitalistes.

J'aimerais étudier ce soir un problème sur lequel on n'a guère insisté jusqu'ici au cours du débat, soit le point de vue de 71,334 Terre-neuviens ou des 47.66 p. 100 de la population qui ont voté en faveur du gouvernement responsable. Je l'avoue en toute franchise, je ne puis prétendre faire autorité en ce qui concerne l'histoire ou les problèmes de Terre-Neuve. Cependant, ayant passé une semaine à Terre-Neuve en décembre, j'ai été frappé d'y trouver autant d'amertume au sujet de la confédération. C'est là un problème que les autres parties du Canada feraient bien d'approfondir. Je me rends compte que ce n'est pas un problème essentiellement canadien, mais nous devons nous rendre à l'évidence: 47.66 p. 100 de la population ont voté en faveur du gouvernement responsable. Voilà une minorité qui entre dans la Confédération, convaincue qu'elle a eu vraiment à se plaindre.

. . .

[132]De la Fédération du commonwealth coopératif (CCF).

many communities, each disposing of its internal affairs, but all bound together by free institutions, free intercourse and free commerce. I see a generation of industrious, contented, moral men, free in name and in fact — men capable of maintaining, in peace and in war, a constitution worthy of such a country."

I believe that that hope, Mr. Speaker, and that aspiration of D'Arcy McGee is now being realized in the union of Newfoundland with Canada, for the good of both our peoples and, we believe, to the benefit of the people in other countries as well.

Mr. A. M. NICHOLSON[132] (Mackenzie): Mr. Speaker, I should like to endorse the opinions expressed by all the members who have preceded me in this debate in their references to the goodwill which has prevailed between the people of Newfoundland and the people of Canada during so many years.[. . .]

. . .

The leader of this group this afternoon mentioned some of the common problems we must face along with the people of Newfoundland. The people in Newfoundland will be a long distance from Ottawa. They will experience the difficulties which others, who are also a long distance from central Canada, have experienced since confederation. I believe this parliament must be very sure the acquisition of Newfoundland should not be regarded as a new empire to be exploited by vested interests.

I should like to discuss this evening a problem which so far has not received very much consideration during this debate, namely, the point of view of the 71,334 or the 47.66 per cent of the people in Newfoundland who voted for responsible government. Very frankly, I admit I cannot pose as a competent authority on Newfoundland's history or problems. I did, however, spend a week in Newfoundland in December. It was something of a shoc . to me to find so much bitterness there over the question of confederation. This is a problem which the rest of us in Canada would do well to consider carefully. I realize it is not primarily a Canadian problem, but we must face the fact that 47.66 per cent of the people voted for responsible government. Here is a minority coming into confederation feeling that they have real grievances.

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[132]Of the Cooperative Commonwealth Federation (CCF).

860.

Extraits des Débats de la Chambre des Communes[133]

Extracts from Debates of the House of Commons[133]

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MODIFICATION DE STATUTS

PROJET D'AMENDEMENTS TENDANT À L'APPLICATION DES CLAUSES DE L'UNION DE TERRE-NEUVE ET DU CANADA

L'hon. STUART S. GARSON (ministre de la Justice) propose que la Chambre se forme en comité afin d'étudier la résolution suivante:

"La Chambre décide qu'il y a lieu de présenter un bill pour modifier plusieurs statuts en vue de les rendre applicables ou autrement conformes à la Confédération canadienne lorsque Terre-Neuve deviendra province du Canada."

M. GORDON GRAYDON[134] (Peel): Je suppose que nous suivrons la même ligne de conduite qu'à l'égard de la résolution précédente et que le ministre de la Justice formulera une déclaration avant que M. l'Orateur quitte le fauteuil.

L'hon. M. GARSON: Ma déclaration sera nécessairement brève. Les députés savent que plusieurs lois fédérales mentionnent le nom des différentes provinces. Ces lois touchent divers sujets. Le projet de loi qui sera déposé après l'adoption de la résolution aura pour seul objet d'insérer le mot "Terre-Neuve" aux endroits appropriés dans les statuts en question, afin que tous s'appliquent à Terre-Neuve comme aux autres provinces canadiennes. Quand on examinera le bill en comité, ceux que la chose intéresse pourront lire vis-à-vis de chaque article l'explication s'y rapportant. Toutes ces dispositions sans exception sont, comme l'expliqueraient les avocats, la conséquence de l'entrée de Terre-Neuve dans la Confédération. Il s'agit donc des modifications qui s'imposent à un certain nombre de lois fédérales.

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[133]Canada, Chambre des Communes, *Débats*, 1949, volume 1, pp. 321-2. Ce débat a eu lieu le 7 février.

[134]Du parti Progressiste conservateur.

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STATUTE LAW AMENDMENT

AMENDMENTS TO IMPLEMENT TERMS OF UNION OF NEWFOUNDLAND WITH CANADA

Hon. STUART S. GARSON (Minister of Justice) moved that the house go into committee to consider the following resolution:

"That it is expedient to present a bill to amend several statutes to make them applicable to or otherwise conform with the Canadian confederation as and when Newfoundland becomes a province of Canada."

Mr. GORDON GRAYDON[134] (Peel): I presume we shall follow the procedure that was followed on the previous resolution. I take it the Minister of Justice will want to make a statement now while the Speaker is in the chair.

Mr. GARSON: The statement in connection with this resolution must necessarily be an extremely short one. As hon. members know, there are on the federal statute books of Canada a number of statutes which refer to the various provinces of Canada by name. They have to do with a variety of subjects. The only purpose of the bill, to which this resolution is the introduction, is to amend those various statutes by inserting the word "Newfoundland" in the appropriate places in order to make all of those statutes now upon the books apply to Newfoundland in the same way as they do to every other province of Canada. When the bill goes into committee anyone who is interested may follow, section by section, the explanations which are given opposite, and tie them in, but all of these provisions without exception are what lawyers term consequential in that they arise out of the fact, and as a consequence, of Newfoundland being brought into confederation. They are the amending provisions that have to be made in a number of federal statutes.

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[133]Canada, House of Commons, *Debates*, 1949, Volume 1, pp. 310-1. This debate took place on February 7.

[134]Of the Progressive Conservative Party.

Le très hon. L. S. St. Laurent (premier ministre): Je dois dire que nous n'avons pas l'intention de demander à la Chambre de poursuivre l'étude du présent projet de loi avant d'avoir beaucoup avancé celle de l'autre. La dernière disposition du projet de loi fixe son entrée en vigueur au 31 mars 1949. Le projet de loi ne pourrait recevoir la sanction tant que la mesure approuvant les conditions de l'union de Terre-Neuve n'aura pas été elle-même sanctionnée.

M. Graydon: Le premier ministre nous dira-t-il quand on entend proposer la deuxième lecture du premier projet de loi présenté ce soir?

Le très hon. M. St. Laurent: Nous espérons passer demain à la deuxième lecture du premier projet de loi et laisser celui-ci en suspens jusqu'à ce que nous connaissions le sentiment de la Chambre à l'égard du plus important des projets de loi, le premier.

(La motion est adoptée et le bill est lu pour la 1re fois.)

. . .

Right Hon. L. S. St. Laurent (Prime Minister): I may say it is not the intention to ask the house to proceed with this bill until we have made substantial progress with the other one. The last section of the bill will provide that it would come into force on March 31, 1949, and would not be sanctioned unless and until the previous bill approving the terms of union with Newfoundland had been sanctioned.

Mr. Graydon: Then may I ask the Prime Minister when it is intended to move the second reading of the first bill introduced tonight?

Mr. St. Laurent: It is hoped to go on tomorrow with the second reading of the first bill and to allow this bill to stand until the sense of the house has been taken on the first one.

Motion agreed to and bill read the first time.

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861. 10300-B-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

Telegram 107 Ottawa, February 7, 1949

The Prime Minister moved in the House today second reading of the resolution to introduce the Newfoundland Bill. Ordinarily this is *pro forma* but as the House indicated a desire to debate the resolution the Prime Minister gave an account of the background of the terms and a general indication of their nature.

2. Mr. Drew followed. While indicating the Opposition were critical of some details he said his party unanimously supported the resolution. He intimated that Sir John Macdonald had been the first to envisage Newfoundland as part of Canada. While noting that there was considerable dissatisfaction with the failure to restore responsible Government before negotiations were begun for union and expressing sympathy for this view he suggested this was a matter between Newfoundland and the United Kingdom. He made very laudatory remarks about Newfoundland and its people and their part in two great wars.

3. Mr. Coldwell and Mr. Low both supported the resolution. Mr. Coldwell thought it a suitable occasion for the Federal Government to institute a new deal for the whole Maritime region so as to lessen the concentration of industry and wealth in central Canada.

4. Mr. Claxton and others propose to speak this evening. The Bill will probably be introduced tonight and come up for second reading Tuesday.

5. Mr. Smallwood and Mr. Peter Cashin were seated side by side in the Diplomatic Gallery for the debate.

862.

Extraits des Débats de la Chambre des Communes[135]

Extracts from Debates of the House of Commons[135]

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TERRE-NEUVE

APPROBATION DES CONDITIONS DE L'UNION AVEC LE CANADA

Le très honorable L. S. ST. LAURENT (premier ministre) propose la 2e lecture du bill no 11, loi tendant à approuver les termes de l'union de Terre-Neuve et du Canada.

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M. GEORGE A. DREW (chef de l'opposition): Monsieur l'Orateur, j'ai certaines observations à formuler au sujet de la deuxième lecture du bill. Je veux aussi préciser mon attitude à l'égard de l'accord qui l'accompagne.

Je rappelle tout d'abord les remarques que je faisais hier au moment où nous étions saisis de la motion et j'exprime le voeu que le premier ministre (M. St. Laurent), avant que la Chambre se forme en comité, traite ces points qui soulèvent d'importantes considérations dont les honorables députés feraient bien de tenir compte à l'égard de cette mesure extrêmement importante.

Le bill même est court et simple. Il a pour seul effet, en définitive, d'approuver les conditions du projet d'accord arrêté par les représentants du gouvernement canadien et ceux que Terre-Neuve avait délégués pour la représenter à ces conversations. A toutes fins pratiques, les considérations dont doivent tenir compte les honorables députés à l'égard de la motion tendant à la deuxième lecture sont très semblables à celles dont ils avaient à tenir compte hier à propos de la motion. Les membres de la Chambre doivent, en somme, décider s'ils veulent, oui ou non, mener à leur terme les dispositions prises afin d'assurer l'adhésion de Terre-Neuve à la Confédération.

[135]Canada, Chambre des Communes, *Débats*, 1949, volume 1, pp. 336, 341-53, 356-60, 363-6, 374-6, 378-9, 381. Ce débat a eu lieu le 8 février.

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NEWFOUNDLAND

APPROVAL OF TERMS OF UNION WITH CANADA

Right Hon. L. S. ST. LAURENT (Prime Minister) moved the second reading of Bill No. 11, to approve the terms of union of Newfoundland with Canada.

. . .

Mr. GEORGE A. DREW (Leader of the Opposition): Mr. Speaker, I should like to make certain remarks on second reading of this bill and explain my position in regard to the agreement which accompanies it.

First of all, I should like to refer to the remarks that I made yesterday when the motion was before the house, and express the hope that the Prime Minister (Mr. St. Laurent) will have something to say on those points before the house goes into committee. I believe that they raise important considerations which should be borne in mind by hon. members when dealing with this extremely important bill.

The bill itself is simple and brief. It merely has the effect of approving the terms of the draft agreement which was settled by the representatives of the Canadian government and by those who had been appointed to represent Newfoundland in those discussions. In effect, the considerations before hon. members on second reading of this bill are very similar to those which were before them yesterday when they were dealing with the motion. The question before hon. members is really whether or not they wish to proceed with the arrangements which have been made to bring Newfoundland into confederation.

[135]Canada, House of Commons, *Debates*, 1949, Volume 1, pp. 326, 331-43, 345-9, 352-4, 363-5, 367-9, 370. This debate took place on February 8.

Il est bon de signaler et de se rappeler, je crois, qu'au cours de la présente discussion nous n'avons pas la liberté de proposer des modifications à cette mesure, comme les députés en ont généralement le droit lors de l'étude d'un projet de loi en comité. Règle générale, lorsqu'un bill est étudié en comité, les modifications qu'on y apporte sous forme d'additions ou de suppressions sont des questions qui relèvent exclusivement de l'autorité législative de la Chambre. En conséquence, si les membres désirent apporter des modifications à une mesure, rien ne les empêche de faire des propositions en ce sens, sous forme, soit de raisonnement, soit d'amendement, ou de toute autre manière conforme au Règlement de la Chambre.

Cependant, dans le présent cas, il ne faut pas oublier que le Gouvernement, agissant au nom du Canada, a signé un projet d'accord dont la Chambre est saisie et qui figure comme annexe au bill à l'étude. Quel qu'ait pu être leur statut, les représentants de Terre-Neuve ont signé le même projet d'accord. Ainsi, la Chambre doit reconnaître que les conditions de l'union ne peuvent être ratifiées autrement que sous la forme qu'elles revêtent dans l'accord.

Il s'agit donc d'accepter ou de rejeter les conditions de l'union, que nous trouvons dans ce projet d'accord. Cependant, en appuyant le bill qui mettra en vigueur l'accord renfermant les conditions de l'entrée dans la Confédération, nous ne voulons pas laisser entendre que nous approuvons toutes les conditions énoncées dans le projet d'accord.

Comme je le signalais hier au premier ministre, on a raison de s'opposer à l'insertion, dans un accord de ce genre, d'une disposition qui permet à une province de faire une chose et de s'adonner à la fabrication d'un produit particulier, tout en limitant la vente de ce produit dans les autres régions du pays. Peu importe si la disposition doit rester sans effet pratique, maintenant que la Cour suprême a rendu sa décision relativement au pouvoir que possède le Parlement, en vertu de la constitution, de restreindre la fabrication et la vente de l'oléomargarine. Il n'en reste pas moins que cet accord renferme un principe qui, s'il était reconnu comme d'application possible à d'autres produits fabriqués au Canada, donnerait des résultats des plus déplorables. Il pourrait, à la vérité, amener ce que la Confédération même devait abolir, c'est-à-dire les entraves au commerce entre les provinces.

I think it should be pointed out and remembered during the discussions that in a case of this kind there is not the latitude to suggest amendments which can be exercised ordinarily when a bill is in committee. Usually, when a bill is in committee, any changes that are made by way of amendment or deletion affect the legislative authority of this house alone. Therefore if there are any changes in the minds of hon. members, there is no reason why those proposals should not be put forward, by way of argument, by way of amendment, or otherwise within the rules of the house.

But in this case it must be remembered that the government, acting on behalf of Canada, has signed a draft agreement which is now before us as an appendix to this bill. The same draft agreement has been signed by those who were called upon to represent Newfoundland, no matter what their status may have been. Therefore, the house must recognize that if the terms of union are to proceed they must of necessity proceed upon the basis of the draft agreement which has been presented if there is to be concurrence within the terms of that agreement.

The principle involved is to agree or not to agree to proceed with the terms of union along the lines of this draft agreement, but the support of this bill which brings such draft agreement into effect for the purpose of completing the confederation cannot be regarded as approval of every term of that draft agreement.

As I pointed out to the Prime Minister yesterday, there is real objection to the inclusion in an agreement of this kind of a provision which, on the one hand, permits a province to do a particular thing and to carry out a particular type of production and, at the same time, places a limitation upon the sale of that product in other parts of Canada. It matters not that the particular provision may have no practical effect now that the decision of the supreme court has been given in regard to the constitutional authority of the parliament of Canada to place restrictions on the manufacture and sale of oleomargarine. The fact remains that imbedded in this agreement is a principle which, if it were accepted as one which could apply to other types of production within Canada, would produce very unsatisfactory results. It could, in fact, produce the very thing that confederation was intended to bring to an end; that is, any form of trade barrier between the provincial areas within Canada.

Je suis donc d'avis que le gouvernement canadien et les représentants de Terre-Neuve devraient étudier l'opportunité de rayer cette disposition, afin que la reconnaissance d'un principe qui pourrait avoir de très graves conséquences dans d'autres cas ne crée pas un précédent contraire à la coutume suivie fidèlement depuis la Confédération. J'exhorte donc le premier ministre (M. St. Laurent) à étudier ma proposition, car je ne vois pas pourquoi le gouvernement fédéral tiendrait à offrir une disposition spéciale à une province, tout en imposant des restrictions à l'égard de cette même disposition.

Les dispositions d'ordre financier renferment également une restriction qui ne s'applique à aucune autre province. Comme je le signalais hier, il a été nettement convenu que, même s'il intervient de nouveaux arrangements financiers avec les autres provinces, il ne faudrait pas y voir une raison de justifier toute réclamation que Terre-Neuve pourrait présenter afin d'obtenir le même privilège en vue de régler sa situation. Je le répète, il me semble que c'est là imposer à une province une restriction particulière, ce qui va à l'encontre des arrangements qui s'appliquaient uniformément à chacune des autres provinces du Canada.

On se rappellera que l'importance de cette disposition ne saurait être purement théorique. Elle a rapport à des événements qui ont eu lieu au sujet du règlement des arrangements financiers avec d'autres provinces au cours des deux dernières années. Lorsque le ministre des Finances d'alors (M. Ilsley) a annoncé, à la Chambre, en 1946, les conditions que le gouvernement du Canada offrirait aux provinces au lieu de leur privilège de conserver leurs principaux pouvoirs d'imposition, on n'a pas pris les dispositions nécessaires aux changements qui se produiraient par la suite. Mais peu après que ces propositions, que je pourrais qualifier de conditions arbitraires, eurent été annoncées à la Chambre, on entama des négociations entre le Gouvernement du Canada et les divers gouvernements des provinces. A la suite des arguments présentés par un gouvernement provincial, on fit quelques changements qui s'appliquèrent aussi aux autres provinces. On offrit alors certaines conditions avantageuses à la Colombie-Britannique. Loin de moi l'idée que cette province n'avait pas raison de réclamer ces conditions, car la Colombie-Britannique a même trouvé les conditions actuelles insuffisantes. Néanmoins, le premier ministre du

For that reason I think this particular provision might well be made the subject of discussion between the government of Canada and the representatives of Newfoundland, with the idea of deleting it so that a principle which may have very serious consequences in some other case might not be established as a precedent which would be contrary to the practice that has been so carefully followed ever since confederation. I strongly urge the Prime Minister (Mr. St. Laurent) to take this suggestion into consideration, because it would seem to me that there is no reason why the dominion government on the one hand should wish to put forward any special provision for one province, and on the other hand impose a restriction in relation to that particular provision.

I should like to point out also that in relation to the financial arrangements there is a restriction which does not apply to any other province. As I pointed out yesterday, there is a specific undertaking that, even though new financial arrangements are made with other provinces, that is not to be taken as a ground for any claim by Newfoundland for similar consideration by way of adjustment of their position. Again, it seems to me, that is imposing a particular restriction on a single province, which is not consistent with the uniform type of arrangements which have applied to the other provinces of Canada.

As will be recalled, this provision is not something which can have only a theoretical importance. It is related to events which actually occurred in regard to the adjustment of financial arrangements with other provinces during the past two years. When the then minister of finance, Mr. Ilsley, announced in this house in 1946 the terms the dominion government would put before the provinces as the alternative to the retention by the provinces of their major taxing powers, no provision was made for any changes to follow. But very shortly after those proposals, or I should say those arbitrary terms, had been stated in this house, negotiations took place between the dominion government and different provincial governments. As the result of arguments advanced by one provincial government, some changes were made; and those changes were passed on to the other provinces. Then certain very advantageous terms were placed before British Columbia. I am not suggesting that those terms were not quite properly demanded by that province, because British Columbia has found even the present terms inadequate. Nevertheless there was an immediate demand from the premier of New Brunswick

Nouveau-Brunswick et les premiers ministres des autres provinces ont aussitôt réclamé des conditions aussi avantageuses. C'est ainsi que les réclamations et les concessions ont continué. Les gouvernements se sont livrés en quelque sorte à un maquignonnage comme celui qu'avait prévu sir Wilfrid Laurier longtemps auparavant et qu'il réprouvait en des termes fort énergiques, déclarant que d'ordinaire de tels marchandages équivalaient à l'accomplissement d'une promesse faite en échange d'actes de trahison politique. Je dois rappeler aux députés que ces paroles sont de sir Wilfrid Laurier, et non de moi. Toutefois, ce maquignonnage à propos des subventions à verser en échange de pouvoirs fiscaux a donné précisément le résultat que prévoyait autrefois sir Wilfrid Laurier.

Par voie de digression, je dois dire ici qu'à l'époque où j'étais premier ministre de l'Ontario et où j'exposais l'attitude de ma province, je n'ai pas refusé d'envisager les subventions comme étant reliées à l'accord. Je mentionne ce fait à cause de certaines remarques formulées avant l'ajournement du débat sur l'Adresse, vendredi soir dernier. Je dois rappeler aux députés que les propositions que j'ai alors présentées sont bien connues de tous, et que, de fait, nous avons proposé un régime de subventions susceptibles de s'adapter d'elles-mêmes aux besoins des provinces grâce à l'établissement d'une caisse nationale d'ajustement, selon la principale recommandation du rapport Rowell-Sirois. Nous avons exprimé notre désir de participer à de tels arrangements sous le régime d'un accord provisoire pourvoyant à l'examen de l'entier régime fiscal du Canada par des spécialistes de tous les gouvernements et par d'autres auxquels serait confiée l'étude de ce sujet extrêmement important.

Nous avons souligné le fait qu'il n'existe qu'un groupe de contribuables canadiens, qui acquittent les impôts fédéraux, provinciaux et municipaux. Nous avons fait remarquer que les deniers ne sauraient être obtenus par enchantement de quelque source cachée. Il ne peut être question de générosité de la part du gouvernement fédéral dans l'une quelconque de ces propositions ou mieux encore, comme l'a dit le ministre de la Reconstruction (M. Winters), la question de bienfaisance ne se pose pas. Ni la générosité ni la bienfaisance n'entrent en ligne de compte. Le gouvernement fédéral est simplement l'organisme percepteur auquel les citoyens canadiens versent des impôts en retour de l'accomplissement de certaines obligations. Si le gouvernement fédéral a besoin de fonds plus considérables afin de

and other premiers that they should receive equally favourable terms, and so the bidding and the consequent adjustment went on. It was a form of horse-trading between governments, such as had been anticipated by Sir Wilfrid Laurier so many years ago when he condemned this very practice in such vigorous terms, saying that such arrangements usually were merely the payment of a note given in return for political treachery. I remind hon. members that those are the words of Sir Wilfrid Laurier, not mine; but this type of horse-trading over the subsidies that should be paid in return for taxing powers has produced precisely the result anticipated so many years ago by Sir Wilfrid Laurier.

At this point may I interject that when I was premier of Ontario and was putting forward the position of my province, I did not refuse to deal with subsidies as part of the arrangement. I mention that because of certain remarks made during the debate on the address prior to its adjournment last Friday evening. I would remind hon. members that the proposals I put forward at that time are a matter of record, and that we in fact proposed a system of subsidies on a basis which would adjust itself to the requirements of the provinces, with a national adjustment fund, which was the key recommendation of the Rowell-Sirois report. We stated that we wished to enter into arrangements of that kind under a transitional agreement which would also provide for an examination of the whole combined taxing system of Canada by competent experts of all the governments and other experts who would be brought in to examine this extremely important subject.

We pointed out that there is only one group of taxpayers in Canada, who pay taxes to the dominion government, the provincial governments and the municipal councils. We pointed out that there is no magic by means of which money can be drawn from any obscure source. There is no question of generosity on the part of the dominion government involved in any of these proposals or, if one chooses to use the term preferred by the Minister of Reconstruction (Mr. Winters), no question of beneficence. There is nothing of that kind. The dominion government is merely the collecting body which draws from the people of Canada taxes for the purpose of undertaking certain responsibilities. If the dominion government requires more money for the purpose of making payments back to the provinces, the

rembourser des sommes aux provinces, les deniers proviennent des mêmes personnes, c'est-à-dire le groupe collectif des contribuables du Canada.

money comes from the very same people; it comes from the taxpayers of Canada as a whole.

Nous préconisions alors et je préconise encore un examen complet de notre régime fiscal, afin que les impôts prélevés par le gouvernement fédéral, par les provinces et par les municipalités suffisent pour leur permettre de s'acquitter de leurs responsabilités. Nous pourrons ainsi établir au Canada le régime fiscal le plus scientifique possible, adapté aux conditions modernes d'existence, de façon que les taxes imposées par ces trois autorités différentes soient le moins onéreuses possible pour les contribuables, qu'elles nuisent le moins possible à l'effort individuel et à la production dans chaque partie du Canada.

What we recommended then, and what I still recommend, is that there be an examination of our whole taxing system so that the taxes required by the dominion government, the provincial governments and the municipalities may be adequate for the responsibilities they are called upon to assume. In this way we may be enabled to establish in Canada the most scientific tax system possible, adjusted to meet the modern conditions in which we live, so that the taxes called for by these three levels of government may be imposed upon the people of Canada in a way that will place a less onerous burden upon them and place the least possible restriction upon personal effort and upon production in every part of this country.

J'ai tout lieu, je crois, de rappeler le voeu que j'ai alors exprimé, car certaines observations attestent que ceux qui les ont formulées n'étaient nullement au courant des faits. Je reviens également sur cette proposition, parce qu'elle peut se rattacher directement aux conditions exposées dans le projet d'entente entre le Canada et Terre-Neuve. Les représentants de l'île ont accepté des conditions semblables à celles qui furent offertes aux provinces en cette enceinte en 1946, sous cette réserve cependant que Terre-Neuve ne pourra demander de mise au point si, plus tard, on fait de nouvelles concessions à une autre province. Cette réserve se fonde sur une raison particulière, à mon avis.

I think it is appropriate that I should recall my recommendation in that respect, because certain comments have obviously been made without knowledge of what we actually recommended. I also refer to that proposal because it has a very direct bearing on the terms that are included in this draft agreement between Canada and Newfoundland. The representatives of Newfoundland have accepted terms similar to those which were placed before the provinces of Canada in this house in 1946. This restriction has, of course, been placed upon Newfoundland that they cannot apply for an adjustment in consequence of a subsequent adjustment with any other province. I suggest, Mr. Speaker, there is a particular reason for that restriction being included.

Cet accord donne aussi suite à une proposition que j'ai formulée en termes énergiques lors des conférences fédérales-provinciales, à titre de premier ministre de l'Ontario. J'ai demandé avec instance non seulement l'adoption des modes de fiscalité que nous avions proposés et le paiement de la subvention prévue dans l'accord transitoire, mais aussi la reconnaissance immédiate des conclusions du rapport Rowell-Sirois au sujet de la création d'un fonds national d'ajustement. Mais nous voulions que ce fonds fût établi sur une base beaucoup plus élevée que celle que recommande le rapport Rowell-Sirois. Cela permettrait aux provinces qui ont encore besoin d'aide financière supplémentaire, en sus de la subvention ordinaire accordée durant la période transitoire, d'obtenir de l'argent à même ce fonds national d'ajustement. J'ajouterai en passant que, ainsi qu'en fait foi le compte rendu de ces délibérations, je

This agreement also does something that I recommended, and recommended very strongly as premier of Ontario at these dominion-provincial conferences. I urged that, in addition to the taxing systems we proposed and the subsidy payment provided by a transitional agreement, there be also an immediate recognition of the recommendations in the Rowell-Sirois report that a national adjustment fund be set up. We urged that such a fund be set up on a basis very much higher, however, than that recommended in the Rowell-Sirois report. This would enable those provinces still needing additional financial support, over and above the ordinary subsidy payments during the transitional period, to obtain funds from this national adjustment fund. Perhaps I should interject that it is a matter of record that I also said I was prepared to agree to any form of distribution of that fund, which was

me suis déclaré prêt à accepter tout mode de distribution de ce fonds qu'on voudrait bien proposer, pourvu qu'il fût acceptable aux provinces appelées à bénéficier de ce fonds.

Voici pourquoi je fais mention de ce dernier point. L'avant-projet d'accord avec Terre-Neuve reconnaît le principe des subventions destinées à venir en aide aux provinces, recommandé par la commission Rowell-Sirois. Outre le paiement des subventions ordinaires, il y en a d'importantes fondées sur la reconnaissance de besoins financiers d'une nature spéciale. J'ai peine à croire que le gouvernement fédéral n'ait pas songé que, lorsque cette nouvelle province touchera des subventions spéciales, les provinces qui ont accepté ces conditions peu satisfaisantes établiront des demandes. Certaines provinces qui ne sont pas satisfaites pourraient bien demander qu'on leur accorde le même traitement. Il semble que le gouvernement fédéral ait décidé que ce maquignonnage devrait s'arrêter quelque part. C'est pourquoi, après de nouvelles négociations, il a résolu de faire connaître à Terre-Neuve la limite au delà de laquelle on ne peut réclamer davantage.

Si tel est l'objet qu'on vise, — et je ne vois pas d'autre motif d'insérer pareille restriction dans un accord, — nous consentons, dès le début, à inclure dans l'accord une disposition que les Terre-neuviens pourraient dans un assez bref délai, juger peu satisfaisante, étant donné la célérité avec laquelle ces ajustements ont été effectués après que la Chambre des communes fut mise au courant des conditions des accords de 1946 entre le Dominion et les provinces. Je reviens donc aux observations que j'ai faites hier à ce sujet. Je conseille au premier ministre de songer aux conséquences peu satisfaisantes que pourrait avoir pareille restriction et je demande que, par voie de négociations avec les représentants de Terre-Neuve, elle soit biffée.

Pour ce qui est de ces stipulations, il convient de signaler que les représentants de Terre-Neuve ont approuvé ces conditions. Ainsi que je l'ai rappelé hier, il appartient à la population de Terre-Neuve et au gouvernement du Royaume-Uni de déterminer si les représentants de Terre-Neuve étaient revêtus de l'autorité suffisante. Toutefois, l'approbation donnée ne constitue pas à elle seule un motif suffisant de nous opposer aux conditions de l'union. Mais je vois des motifs très graves, — je tiens à le préciser, — de nous opposer aux dispositions que j'ai signalées. Il est souhaitable de faire disparaître ces motifs de mésentente. Nous pourrions le faire au moyen de consultations. Il

acceptable to those provinces receiving contributions from it.

I mention that for this reason. In the draft agreement with Newfoundland the principle of grants in aid, recommended by the Rowell-Sirois commission, is recognized. Over and above the ordinary subsidy payments, there are substantial grants in aid which are related to the recognition of special financial requirements. I find it difficult to believe it was not in the mind of the dominion government that, when this new province shall receive these special grants, there may well be demands from those provinces that have accepted these unsatisfactory terms. In some cases the provinces are not satisfied and there may well be a demand from them that they receive similar consideration. It would look as though the dominion government had decided that this type of horse-trading would have to stop some place. Therefore they decided, after further negotiations, that they would say to Newfoundland, at that point it stops; you cannot claim any more.

If that is the purpose, and I cannot see any other purpose in placing such a limitation in the agreement, then right at the outset we are accepting the inclusion in the agreement of something that the people of Newfoundland, within a comparatively short time, may consider unsatisfactory, having regard to the speed with which those adjustments took place after the terms of the dominion-provincial agreements were announced in the House of Commons in 1946. I therefore come back to my comments of yesterday on this subject. I suggest to the Prime Minister that consideration be given to the unsatisfactory results that might follow the inclusion of a limitation of that kind, and that, through negotiation with the representatives of Newfoundland, this particular restriction be deleted.

In so far as these arrangements are concerned, it is appropriate to point out that the representatives of Newfoundland have concurred in these terms. Whether the authority of those who represented Newfoundland was adequate is, as I said yesterday, something to be determined by the people of Newfoundland and the government of the United Kingdom. The mere fact of concurrence, however, does not constitute a reason for opposing the terms under which the union goes forward. I wish to make it clear that I see very serious objections to the provisions I have mentioned. I think it would be desirable that these grounds of possible objection be removed.

serait possible, de cette manière, de faire disparaître, des conditions de l'union, au moins deux motifs de malentendu prochain.

L'une des dispositions de l'entente prévoit que le versement de la subvention pourra se continuer, non pas durant la période plus courte prévue pour les autres provinces mais, au gré des représentants de Terre-Neuve, durant une période de huit ans. Cela ne constitue pas un motif suffisant de nous opposer aux conditions de l'union, bien que je n'approuve pas, en principe, une telle stipulation. Certaines provinces y ont consénti. A mon avis, un tel accord n'est pas satisfaisant; mais il leur appartient d'en décider. Il sera possible, évidemment, de résoudre tout le problème, à la reprise des conférences entre le Dominion et les provinces, alors que les gouvernements provinciaux pourront examiner avec le gouvernement fédéral, comme cela se doit, l'ensemble de la question des relations entre les gouvernements du Dominion et des provinces, dans le domaine fiscal, surtout en ce qui a trait aux besoins financiers des municipalités canadiennes d'un océan à l'autre.

Les termes mêmes du présent accord font ressortir une fois de plus la nécessité de reprendre la conférence que le gouvernement fédéral n'a fait qu'ajourner et qu'il peut convoquer, de nouveau, à son gré. A maintes reprises, des demandes en ce sens lui sont venues, non seulement de moi-même, mais d'autres premiers ministres provinciaux. Les termes de l'accord font également ressortir la nécessité d'une conférence en vue de la création d'un organisme fonctionnant en permanence et assurant le maintien des relations entre le gouvernement fédéral et les gouvernements provinciaux. Les représentants des gouvernements en cause, travaillant de concert au sein dudit organisme fédéral, pourraient de temps à autre poursuivre des délibérations du genre de celles que provoqueront certaines conditions du présent accord. Les membres de cet organisme peuvent régler presque tous les problèmes qui surgiront, sans qu'il soit nécessaire de modifier la constitution, aussi longtemps qu'ils feront preuve de collaboration et de bonne entente dans l'accomplissement de leur tâche.

Je désire tout particulièrement dire aux Terreneuviens qu'en appuyant le projet de loi qui renferme les conditions de l'union, je m'efforcerai, de concert avec mes collègues de la Chambre, d'obtenir la convocation d'une conférence de cette nature, à laquelle Terre-Neuve sera présente avec les autres provinces. A cette réunion, l'autorité constitutionnelle de tous ces gouvernements

It could be done by consultation; and, if it is done, at least two reasons for misunderstanding in the near future may have been withdrawn from the terms of union.

There is in this agreement a provision that the subsidy payments may continue, not for the shorter period in which they are payable to the other provinces but, on the option of the representatives of Newfoundland, for an extended period of eight years. This is not a ground for opposing the terms of union, although I do object in principle to such an arrangement. It has been agreed to by certain provinces. I think it is an unsatisfactory arrangement, but that is for them to decide. The whole problem, of course, can be solved when there is a resumption of the dominion-provincial conferences and the dominion government and provincial governments sit down, as they should, and discuss the whole relationship of the dominion and provincial governments in the tax field, with particular reference to the financial requirements of the municipalities in Canada from the Atlantic to the Pacific.

The very terms of this agreement once more emphasize the need for the revival of that conference, which only stands adjourned by the dominion government and can be recalled at any time by them. This action has been requested over and over again, not only by myself, but by other premiers of the provinces of Canada. The terms of the agreement emphasize as well the need for a conference which will set up a continuing, integrated, functional relationship between the dominion government and the governments of the provinces, so that the very type of discussions which are suggested by some of the terms of this agreement could, from time to time, be dealt with by the representatives of those governments who are working together within this federal structure, and who can deal with practically any problem that may arise, without the necessity of any constitutional change, so long as they work together in a spirit of co-operation and goodwill.

I should like particularly to remind the people of Newfoundland that, in supporting this bill which embodies these terms, it will be my aim, as it will be the aim of those associated with me in this house, to bring about such a conference at which Newfoundland and the other provinces will be present, where the combined constitutional authority of all these governments can be

pourra trouver le moyen de servir plus efficacement les intérêts de Terre-Neuve et de tout le Canada.

M. l'Orateur suppléant: Je rappelle à la Chambre que le premier ministre mettra fin au débat s'il prend la parole maintenant.

. . .

Le très hon. M. ST. LAURENT: Je n'entends pas me laisser entraîner dans une discussion sur les relations entre le Dominion et les provinces. La Chambre est saisie d'une motion tendant à la deuxième lecture du projet de loi. Nous aurons d'autres occasions de poursuivre l'examen des relations entre le Dominion et les provinces. Au cours de l'étude du projet de loi, j'aimerais traiter les points pertinents qu'a soulevés le chef de l'opposition. Il y a tout d'abord le désavantage que comporte l'inclusion dans les conditions de l'union, de ce qui, aux yeux de plusieurs, constitue un principe nouveau. Je parle des empêchements ou des entraves au commerce interprovincial qui résultent des termes de la disposition relative à la margarine qui figure dans l'accord. A mon sens, j'ai le droit de mentionner ce document, puisqu'on l'a déposé. Mes observations se rapportent au document déposé et non pas à l'annexe au projet de loi en tant que telle. La clause 46 du document déposé renferme la disposition suivante:

"(1) La fabrication ou la vente de l'oléomargarine ou margarine peut être continuée dans la province de Terre-Neuve après la date de l'Union, et le Parlement du Canada n'interdira ni ne restreindra ladite fabrication ou ladite vente qu'à la demande de la législature de la province de Terre-Neuve, mais rien dans la présente clause ne portera atteinte au pouvoir du Parlement du Canada d'exiger que les normes de qualité applicables au Canada tout entier soient respectées.

(2) Sauf décision contraire du Parlement du Canada, ou à moins que la vente et la fabrication de l'oléomargarine ou margarine dans toutes les provinces, autres que Terre-Neuve, et son transport entre ces provinces ne soient autorisés en vertu des lois du Canada, l'oléomargarine ou margarine ne devra pas être expédiée, envoyée, apportée ni transportée de la province de Terre-Neuve à toute autre province du Canada."

On remarquera avec quel soin cette disposition a été rédigée. Elle prévoit que le Parlement canadien n'interdira ni ne restreindra la fabrication ni la vente de la margarine à Terre-Neuve, à moins qu'il n'en soit prié par l'assemblée législative de cette province. Cependant, un jugement

brought together most effectively for the advantage of the people of Newfoundland, of every other province of Canada, and generally for the welfare of Canadians.

Mr. Deputy Speaker: I must remind the house that if the Prime Minister speaks now he will close the debate.

. . .

Mr. ST. LAURENT: I do not intend to be led into discussing at this time the whole matter of dominion-provincial relations. The motion before the house is for the second reading of this bill. Other opportunities will be presented when the matter of dominion-provincial relations can be taken up again. On this bill I wish to deal with the pertinent points made by the leader of the opposition. The first one is the undesirability of there being in the terms of union something which appears to many to be a new principle; that is to say, some impediment or barrier to interprovincial trade arising out of the terms of this clause which was inserted in the agreement with respect to oleomargarine. I think I am privileged to refer to the document, since it has been tabled, and I am referring to the document that was tabled and not to the schedule of the bill as such. In the document tabled term 46 provides as follows:

"(1) Oleomargarine or margarine may be manufactured or sold in the province of Newfoundland after the date of the union and the parliament of Canada shall not prohibit or restrict such manufacture or sale except at the request of the legislature of the province of Newfoundland, but nothing in this term shall affect the power of the parliament of Canada to require compliance with standards of quality applicable throughout Canada.

(2) Unless the parliament of Canada otherwise provides or unless the sale and manufacture in, and the interprovincial movement between, all provinces of Canada other than Newfoundland, of oleomargarine and margarine, is lawful under the laws of Canada, oleomargarine or margarine shall not be sent, shipped, brought, or carried from the province of Newfoundland into any other province of Canada."

Hon. gentlemen will notice with what care this provision was drafted. It provided that the parliament of Canada would not prohibit or restrict such manufacture and sale in Newfoundland except at the request of the legislature of the province of Newfoundland. By a majority judg-

majoritaire de la Cour suprême vient de déterminer que le Parlement canadien ne peut ni interdire ni restreindre la fabrication ni la vente de la margarine dans une province quelconque. J'avoue que l'un des attendus du jugement majoritaire m'a assez étonné. J'avais supposé que la disposition pertinente de la loi de l'industrie laitière se rapportait à l'agriculture. On n'ignore pas que le parlement fédéral et les assemblées législatives provinciales jouissent, dans ce domaine, d'une compétence parallèle. Mais la Cour suprême a statué que cette question regarde moins l'agriculture que l'administration intérieure des provinces. Elle a en conséquence statué que le Parlement canadien ne jouit à cet égard d'aucune compétence. Telle qu'elle est rédigée, la disposition prévoit que le Parlement canadien "n'interdira ni ne restreindra" qu'à la demande de l'assemblé législative de Terre-Neuve. Si le Parlement du Canada n'est pas compétent en ce domaine, puisqu'il s'agit d'une question qui échappe à la disposition relative à l'agriculture qu'on trouve à l'Acte de l'Amérique du Nord britannique, il est donc absolument incapable d'agir. J'étais d'avis que s'il exerçait ce pouvoir, c'était parce que cette question avait trait à l'agriculture, et que dans ce domaine le Parlement et l'assemblée législative étaient compétents. Pour ma part, j'ai pensé qu'il serait peut-être à propos de convenir, — puisqu'il s'agissait d'une question du ressort des deux, car l'oléomargarine se vend à Terre-Neuve depuis assez longtemps, — que le Parlement du Canada n'exercerait pas son autorité dans ce domaine, sauf si l'assemblée législative de la province le lui demandait.

En outre, la condition prévoit que, s'il s'agissait d'un sujet rentrant dans la compétence du Parlement, l'oléomargarine fabriquée et offerte en vente à Terre-Neuve ne serait pas exportée dans l'une quelconque des autres provinces du Canada, à moins que le Parlement du Canada, ayant la compétence voulue, ne légalise la fabrication et la vente de l'oléomargarine dans ces provinces. On estime que c'est mettre une entrave au commerce, que la question comporte un nouveau principe.

Aucun nouveau principe n'entre en jeu, monsieur l'Orateur. Depuis des années, dans tout le pays, il est interdit de transporter ou d'expédier, d'une province à l'autre, des spiritueux sous quelque forme que ce soit. Les provinces ont revendiqué la réglementation de la vente et de la distribution des spiritueux dans leurs limites respectives. Aux termes des lois provinciales, avoir en sa possession dans une province des spiritueux qui n'ont pas été achetés de la régie des alcools de cette province constitue un délit que commet-

ment the supreme court has now decided that the parliament of Canada cannot prohibit or restrict the manufacture or sale of oleomargarine in any of the provinces. I must confess that one of the reasons given in the majority judgment came to me rather as a surprise. I had assumed that this provision in the Dairy Industry Act was one which related to the subject of agriculture. As hon. members know, parliament and the legislatures of the provinces have concurrent jurisdiction in respect of matters dealing with agriculture. But the supreme court held that this was not a matter related to agriculture, but rather something which was local and private within the province. Consequently it held that the parliament of Canada had no jurisdiction in regard to it. The clause as drafted envisages that the parliament of Canada would not so "prohibit or restrict" except at the request of the legislature of Newfoundland. If the parliament of Canada has no jurisdiction, in that the matter does not come within the clause relating to agriculture in the British North America Act, it cannot do anything at all about it. My view was that if it had jurisdiction, it was because the subject matter related to agriculture, over which both parliament and the legislature would have jurisdiction. As far as I was concerned, I felt that it might be proper, in a matter in which both had jurisdiction, to agree, since oleomargarine had been available in Newfoundland for a long time, that the parliament of Canada would not exercise its jurisdiction unless the legislature of the province requested it to do so.

The term provided in addition that, if this was something over which parliament had jurisdiction, the oleomargarine manufactured and offered for sale in Newfoundland would not be exported into any other of the Canadian provinces, unless the parliament of Canada, having jurisdiction, made it legal for oleomargarine to be manufactured and sold in those provinces. That is the thing that is regarded as setting up a barrier to trade, involving a new principle.

Well, Mr. Speaker, it does not involve a new principle. There has been for many years in the dominion and in the provinces a barrier to the transportation, or to the forwarding from one province to another, of any form of intoxicants. The provinces have asserted their control over the sale and distribution of intoxicants within their respective areas; and under these provincial laws it is an offence, which is sometimes committed unwittingly by Canadians going from one province to another, to have in a province any

tent parfois inconsciemment les Canadiens qui passent d'une province à l'autre. Tout dernièrement, un invité venu à mon appartement m'a un peu embarrassé, car il avait une bouteille vide d'un liquide que la plupart considéreraient comme tombant sous la définition juridique de spiritueux, bouteille qu'il avait achetée de la Commission des liqueurs de Québec.

Aux termes des mesures législatives que le chef de l'opposition a appliquées pendant plusieurs années, il est interdit, en Ontario, d'avoir des boissons enivrantes ne provenant pas de la Régie des alcools, organisme relevant du gouvernement dont l'honorable député a été le chef pendant de nombreuses années. Il ne s'agit pas là d'une mesure adoptée uniquement par les provinces. Afin que la mesure fût pleinement efficace d'un bout à l'autre du pays, et bien que ce soit le Dominion qui ait compétence en matière de commerce interprovincial, on a, par une loi de 1916, modifiée en 1919, inséré dans la loi de tempérance du Canada les dispositions qui forment maintenant les articles 168 et suivants de la loi de tempérance du Canada, laquelle constitue le chapitre 196 des *Statuts revisés du Canada, 1927*. C'est commettre un délit punissable aux termes d'une loi du parlement canadien que de transporter ou d'avoir en sa possession toute boisson enivrante, — l'expression est définie dans la loi, — contrairement aux dispositions législatives de la province où l'on habite. Afin d'assurer l'efficacité de cette entrave au commerce des boissons enivrantes fabriquées dans une province et destinées à être vendues en d'autres régions du pays, les législatures des neuf provinces et le parlement fédéral se sont accordés pour établir ce régime commun en vertu duquel c'est un délit punissable par les lois du Canada que d'avoir des boissons enivrantes contrairement aux dispositions que chaque législature a jugé opportun d'appliquer dans la province où elle exerce son autorité.

Depuis 1919, le peuple canadien trouve généralement satisfaisante cette partie de la législation des provinces et du Dominion. Peut-être devrais-je dire que j'ai su que dans une province le gouvernement a l'intention de recommander à la législature l'interdiction de la fabrication et de la vente de l'oléomargarine. On rapporte que le premier ministre de l'Île du Prince-Édouard, en exerçant la juridiction qui selon la majorité de la Cour suprême relève des provinces, a dit qu'il recommanderait à la législature l'interdiction de la fabrication et de la vente de l'oléomargarine.

intoxicant which has not been purchased from the liquor control board of that province. Very recently I was a bit embarrassed by a guest at my own apartment who had an empty bottle that had contained something which would be regarded by most persons as coming within the legal definition of intoxicants, and which had been purchased from the board of control of Quebec.

Under the legislation administered by the leader of the opposition, it has been for a good many years an offence to have in Ontario any intoxicant that has not been purchased from the board of control which operated under the government of which the hon. gentleman was the premier for several years. That was not only something done by the provinces. So that it might be fully effective throughout the whole dominion, in spite of the fact that the dominion has jurisdiction in interprovincial trade, there were introduced into the Canada Temperance Act by a statute of 1916, amended in 1919, the provisions which are now sections 168 and following of the Canada Temperance Act, which is itself chapter 196 of the *Revised Statutes of Canada, 1927*. That makes it an offence punishable under the terms of the legislation of the parliament of Canada to transport or have in one's possession any intoxicant — and the word is defined by the statute — contrary to the provisions of the laws of the province where the person happens to be. Therefore, in order to make effective this barrier to the trade in intoxicants produced or manufactured in one province and designed to be sold in other parts of Canada, the legislatures of the nine provinces of Canada and the federal parliament agreed in setting up this concurrent system which makes it an offence punishable under the laws of Canada to have anything which is not allowed under what the legislature has seen fit to provide as the regime in the province where it exercises its jurisdiction.

In a general way, since 1919, the Canadian public has regarded that portion of the legislation of the provinces and of the dominion as good legislation. Perhaps I should say that I have heard it is the intention of the government of one province to recommend to the legislature a prohibition against the manufacture and sale of oleomargarine within its limits. There was a report that the premier of Prince Edward Island, in the exercise of the jurisdiction which the majority of the supreme court have declared to be that of the provinces, had said that he was going to recommend to the legislature of his province that the manufacture and sale of oleomargarine be prohibited.

M. DREW: Je crois qu'il a déjà agi par un décret du conseil.

Le très hon. M. ST. LAURENT: Peut-être. J'ignorais que ce décret fût en vigueur, mais j'ai lu dans les journaux que la province comptait agir en ce sens.

On n'a peut-être pas encore réglé définitivement la question de savoir qui a compétence relativement à la vente de denrées qui peuvent concurrencer les produits de l'industrie laitière. La Fédération canadienne de l'agriculture est encore à étudier l'opportunité d'interjeter un appel au Conseil privé et a demandé au Gouvernement dernièrement s'il n'interjetterait pas un appel lui-même. On lui a fait savoir que cela ne conviendrait pas du tout à cause de l'attitude qu'a prise le Gouvernement en recommandant à la chambre que les procès à l'avenir ne comportent plus d'appels au Conseil privé. Mais on ne peut encore savoir s'il y aura un appel ou non.

Lorsque les conditions de l'union ont été arrêtées et signées, la Cour suprême n'avait pas rendu de décision. Si les membres de la Chambre veulent bien relire ces conditions, ils constateront qu'elles ont été préparées avec soin, de façon qu'elles puissent s'appliquer advenant l'existence d'une situation quelconque. Si la compétence était demeurée acquise au Parlement fédéral, ou si, à la suite d'un appel auprès du Conseil privé, ce dernier statuait que la compétence est dévolue au Parlement du Canada, alors, d'après la condition nº 46, la population de Terre-Neuve serait assurée de n'être pas privée du droit de consommer un succédané en remplacement du beurre qui n'est pas produit dans l'île, succédané qu'elle utilise depuis des années. D'autre part, si les tribunaux décident que le Parlement du Canada n'a pas le droit d'intervenir, l'engagement que le gouvernement du Canada a pris auprès de la délégation de Terre-Neuve de ne prendre aucune mesure en l'occurrence ne fera de tort à personne.

On dira peut-être qu'il y a une différence entre les boissons alcooliques et l'oléomargarine. Il y a en effet une différence. La question des boissons alcooliques se rattache manifestement, dans un sens local, à la paix, à l'ordre et au bon gouvernement. Il est donc clair que ceux qui sont chargés de préserver la paix, l'ordre et le bon gouvernement, en un sens local et particulier dans le territoire d'une province, peuvent avoir à exercer une régie appropriée sur la vente et la distribution des boissons alcooliques.

La fabrication et la vente de l'oléomargarine constituent-elles un domaine relevant des gouvernements des provinces ou de leurs assemblées

Mr. DREW: I believe he has already dealt with it by order in council.

Mr. ST. LAURENT: That may be so. I was not aware that it had come into effect, but I did read in the newspapers that it was the intention to do that.

This matter of where the jurisdiction lies in the sale of commodities that might compete with the produce of the dairy industry may not yet be finally settled. The Canadian Federation of Agriculture is still considering the advisability of applying to the privy council for leave to appeal, and has quite recently asked the Canadian government whether it would not itself assert an appeal. It has been informed that that was highly improper in view of the attitude taken by the government in recommending to this house that there be in future litigation no further appeals to the privy council. Whether or not there will be an appeal has not yet become certain.

When these terms of union were drafted and signed there had been no decision from the supreme court. If hon. members will reread them they will see that they were carefully prepared, to be applicable to any situation that might arise. If the jurisdiction had remained with the federal parliament, or if an appeal to the privy council results in that tribunal saying that it does rest in the parliament of Canada, then term 46 will make it certain that the people of Newfoundland will not be deprived of the right to continue to use a substitute for the butter they do not produce in their island, and which they have been using for so many years. If on the other hand it is decided by the courts that the parliament of Canada has no right to do anything about it, the fact that the government of Canada agreed with the delegation of Newfoundland that it would not do anything about it is not going to cause any harm to anybody.

It may be suggested that there is a difference between intoxicants and oleomargarine. There is. Intoxicants are obviously connected with peace, order and good government in a local way. Therefore it is obvious that those who are responsible for peace, order and good government in a local and private way within a province can be concerned about exercising proper control over the sale and distribution of intoxicants.

Are the manufacture and sale of oleomargarine something about which provincial governments or provincial legislatures are concerned? The

législatives? Une majorité des juges de la Cour suprême s'est prononcée affirmativement sur ce point. Ce tribunal déclare que c'est une question d'intérêt régional et particulier relevant de la sphère provinciale. S'il en est ainsi, les Assemblées législatives ont le droit de prendre les mesures qu'elles jugent conformes à l'intérêt public. C'est à elles d'en juger, puisque cela relève de leur autorité.

L'exercice d'une autorité n'est en aucun cas subordonné à l'opinion qu'on peut avoir quant à la façon dont elle est exercée par la personne qui la détient. Le Conseil privé a déclaré à maintes reprises qu'il n'entend pas se préoccuper de la sagesse avec laquelle l'autorité peut être exercée, si, de fait, elle existe. En pareil cas, c'est à la constitution qu'il faut s'en remettre et ceux qui possèdent l'autorité sont censés être aptes à l'exercer avec sagesse.

Quant au deuxième point, à savoir que les conditions d'entente avec la province de Terre-Neuve s'écarteraient de celles que comportent les ententes fiscales avec les autres provinces, je dois dire que le chef de l'opposition (M. Drew) me semble avoir négligé de lire la dernière partie de la disposition en cause. Cette clause prévoit que le gouvernement de Terre-Neuve aura le droit de conclure avec le gouvernement fédéral une entente analogue à celles que ce dernier a conclues avec les autres provinces, mais qu'il pourra, à son choix, la conclure non seulement pour la période prévue dans le cas des autres provinces, mais pour cinq ans de plus.

M. DIEFENBAKER: De quel paragraphe s'agit-il?

Le très hon. M. ST. LAURENT: De la clause 27 (2). J'en donne lecture afin qu'en plus de mes explications, le texte même en figure au compte rendu. Voici:

"27. (1) Immédiatement après la date de l'Union, le gouvernement du Canada offrira au gouvernement de la province de Terre-Neuve de conclure un accord fiscal ayant pour objet la location au gouvernement du Canada des domaines fiscaux concernant l'impôt [sur le revenu, l'impôt] sur le revenu des corporations, la taxe sur les corporations et les droits successoraux.

(2). L'offre prévue à la présente clause sera semblable aux offres faites à d'autres provinces en vue de conclure des accords fiscaux, les changements nécessaires devant y être effectués afin d'adapter l'offre aux circonstances découlant de l'Union, sauf que l'offre en question stipulera

majority of the supreme court have said that it is. They have said that it is something of local and private concern within the province. Well, if it is, the provincial legislatures have a right to do about it that which may appear to them to be in the public interest. They are the ones to judge, if they have the jurisdiction, what they should do about it.

The exercise of jurisdiction is never in any instance controlled by the opinion one may hold about the wisdom of the way in which the person having the jurisdiction has exercised it. The privy council has repeatedly said that it will not concern itself with the wisdom or otherwise of the exercise of jurisdiction, if there is jurisdiction. If there is jurisdiction, the constitution says where that jurisdiction lies; and it is those who have the jurisdiction who are supposed to have the wisdom to exercise it properly.

With respect to the second point, that there is in the terms of agreement with the province of Newfoundland something which is different from the terms to be found in the tax agreements with the other provinces, I believe the leader of the opposition (Mr. Drew) has omitted to look at the last part of the clause in question. That clause provides that the government of the province of Newfoundland shall have the right to enter into a contract with the dominion government along the same lines as the contracts made with the other provinces; but that it shall also have the option of making that contract, not only for the period for which it is made with the other provinces, but for five years longer than the period made with the other provinces.

Mr. DIEFENBAKER: What paragraph is that?

Mr. ST. LAURENT: That is term 27 (2). Perhaps I should read it, so that my point may be not only asserted but proved on the record. It states:

"27. (1) The government of Canada will forthwith after the date of union make an offer to the government of the province of Newfoundland to enter into a tax agreement for the rental to the government of Canada of the income, corporation income, and corporation tax fields, and the succession duties tax field.

(2) The offer to be made under this term will be similar to the offers to enter into tax agreements made to other provinces, necessary changes being made to adapt the offer to circumstances arising out of the union, except that the offer will provide that the agreement may be entered into

que l'accord pourra être conclu soit pour un nombre d'années financières se terminant à la fin de l'année financière 1952, comme dans le cas d'autres provinces, soit pour un nombre d'années financières se terminant à la fin de l'année financière 1957, au choix du gouvernement de la province de Terre-Neuve: mais si le gouvernement de la province de Terre-Neuve accepte cette dernière proposition, il sera convenu dans l'accord que la conclusion subséquente d'un accord fiscal par le gouvernement du Canada et toute autre province n'autorisera pas le gouvernement de la province de Terre-Neuve à modifier les stipulations de son accord."

En d'autres termes, voici ce que nous leur disons: Vous êtes libres de choisir. Vous pouvez, tout d'abord, convenir d'être sur le même pied que les autres provinces mais si, pour plus de sécurité, vous désirez signer immédiatement un accord devant durer cinq ans de plus que l'accord conclu avec les provinces actuelles, vous devez voir à ce que cet accord soit en vigueur pour toute cette durée. Si nous concluons en 1952 un nouvel accord avec les autres provinces, cela ne vous donnera pas le droit de faire reviser le vôtre. C'est l'un ou l'autre. Vous ne pouvez avoir un accord grâce auquel, si nous en concluons un qui soit moins favorable aux autres provinces pour les années 1952 à 1957, vous pourrez conserver les avantages dont vous jouissiez jusqu'alors, tandis que, si nous concluons un accord plus favorable avec les autres provinces, vous bénéficierez d'avantages accrus. Vous devez décider, dès le début, si vous acceptez d'être sur le même pied que les autres provinces, ce qui vous vaudra en 1952 le même accord que le leur, ou bien vous pouvez vous assurer dès maintenant, pour une autre période de cinq ans, les avantages actuellement consentis. Mais, si vous optez pour ce dernier choix, cet accord restera en vigueur pendant toute la période prévue.

Je prétends qu'il n'y a rien à redire à ce principe.

Je m'accorde à dire avec le chef de l'opposition que le principe à l'étude actuellement, à l'occasion de la deuxième lecture, c'est de déterminer s'il faut conclure un accord pour l'union de Terre-Neuve et du Canada à des conditions que les deux parties intéressées estimeront justes et équitables. Nous soutenons que ces conditions le sont. Mais accepter le principe à la base du bill, ce n'est pas nécessairement accepter les conditions particulières qui y sont exposées. C'est simplement manifester le désir du Parlement d'examiner le document, afin de déterminer si les conditions qu'il comporte sont justes et équitables.

. . .

either for a number of fiscal years expiring at the end of the fiscal year in 1952, as in the case of other provinces, or for a number of fiscal years expiring at the end of the fiscal year in 1957, at the option of the government of the province of Newfoundland, but if the government of the province of Newfoundland accepts the latter option the agreement will provide that the subsequent entry into a tax agreement by the government of Canada with any other province will not entitle the government of the province of Newfoundland to any alteration in the terms of its agreement."

In other words we say to them: You may have your choice; first, you may place yourselves in the same position as the other provinces. But if for greater security you wish to have at once an agreement that will go on five years beyond the agreement with the present provinces, you have to make it as a firm agreement for the whole period. And if we make a new agreement in 1952 with the other provinces, that will not entitle you to have yours revised. In other words, you cannot have it both ways. You cannot have an agreement whereby, if we make a less favourable agreement from 1952 to 1957 with the other provinces, you will keep the former advantage, whilst, if we make a more favourable agreement with the other provinces, you will get the increased benefits. You must say at the outset whether you will stand on the same level as the other provinces and get in 1952 the same kind of agreement they get, or you can at once secure for yourselves the benefit for a further period of five years on the present basis. But if you do that, you take it for the period for which you are exercising your option.

I submit that is not a principle which would prove substantially to be objectionable.

I am fully in accord with the leader of the opposition when he states that the principle we are now debating on second reading is as to whether there should be made an agreement for the union of Newfoundland with Canada on terms which will appeal to the people of both sections as fair and reasonable. We suggest that these terms are fair and reasonable. But accepting the principle of the bill does not involve acceptance of the individual terms. It involves merely the desire of parliament to look at the document to see whether or not it amounts to fair and reasonable terms.

. . .

(La motion est adoptée sur division, le projet de loi est lu pour la 2e fois et la Chambre formée en comité, sous la présidence de M. Macdonald (Brantford), passe à la discussion des articles.)

Sur l'article 1 (approbation de l'accord).

Le très honorable M. ST. LAURENT: On constatera que le projet de loi ne comprend qu'un seul article, lequel affirme que les conditions prévues à l'accord sont approuvées. A mon avis, il serait préférable de donner tout d'abord lecture des conditions, afin que les députés sachent bien ce qu'implique leur acceptation ou leur refus. Je propose donc que soit suspendue l'étude de l'article premier du projet de loi et que nous examinions immédiatement les conditions de l'union.

M. KNOWLES: Alinéa par alinéa?

Le très honorable M. ST. LAURENT: Oui.

M. le Président: Le premier alinéa du bill est donc réservé, ainsi que le préambule. Nous y reviendrons quand nous aurons considéré l'annexe. Le comité désire-t-il que nous étudiions l'annexe rubrique par rubrique? La première rubrique est "L'union" et comporte les articles 1 et 2 de l'annexe.

M. DIEFENBAKER: Je me demandais justement s'il ne vaudrait pas mieux étudier d'abord le préambule. Il se pose, en effet, au sujet du préambule, certains problèmes qu'il y aurait lieu de régler dès maintenant.

. . .

Le très honorable M. ST. LAURENT: Je crois que l'honorable député de Lake-Centre nous propose d'étudier le préambule de l'annexe et non celui du projet de loi.[. . .] L'idée de l'honorable représentant de Lake-Centre me semble bonne, parce que les faits allégués dans le préambule nous aident à comprendre les conditions de l'accord. Même s'il fallait obtenir le consentement unanime de la Chambre pour entreprendre l'étude du préambule de l'annexe avant d'aborder l'étude des conditions séparément, je demanderais à la Chambre de l'accorder.

M. le président: La Chambre consent donc à l'étude du préambule de l'annexe maintenant.

(L'article 1 est réservé.)

Sur le préambule (à l'annexe).

M. DIEFENBAKER: Monsieur l'Orateur [président], le préambule porte en général sur les entretiens qui ont eu lieu avec les membres de la Convention nationale de Terre-Neuve, ainsi que sur les exposés qui ont été faits et les arrangements adoptés au cours des pourparlers entre les gouvernements du Royaume-Uni et du Canada

Motion agreed to, on division, bill read the second time and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1 — *Agreement approved.*

Mr. ST. LAURENT: As hon. members will see, there is only one section to this bill, which asserts that the terms set out in the agreement are approved. I think probably it would be more satisfactory to hon. members if the terms were first read so that hon. members would know what is implied in approving or refusing to approve these terms. I would suggest that we suspend consideration of section 1 of the bill and immediately give consideration to the terms of union.

Mr. KNOWLES: Clause by clause?

Mr. ST. LAURENT: Yes.

The Chairman: Then clause 1 of the bill stands, and the preamble to the schedule will also stand until we have considered the sections of the schedule. Is it the wish of the committee that we consider the schedule under headings? For example, the first heading is "Union" and includes sections 1 and 2 of the schedule.

Mr. DIEFENBAKER: I was just wondering whether it would not be better to take the preamble first, for the reason that certain questions arise in connection with the preamble which might be cleared away at this time.

. . .

Mr. ST. LAURENT: I think the suggestion of the hon. member for Lake Centre is that we consider the preamble of the schedule, not the preamble of the bill.[. . .] It seems to me there is some value in the suggestion of the hon. member for Lake Centre, because I think the facts alleged in the preamble help us to understand the terms of the agreement. Even if it were necessary to have unanimous consent to do so, I would suggest that such unanimous consent might be given and that we take up the preamble of the schedule before attempting to deal with the individual terms.

The Chairman: Then it is agreed that the preamble to the schedule be considered now.

Section stands.

On the preamble (to the schedule).

Mr. DIEFENBAKER: Mr. Chairman, the preamble generally deals with the discussions that took place with members of the national convention of Newfoundland, and also the submissions made and the arrangements entered into at the discussions which took place between the governments of the United Kingdom and Canada

et les représentants de Terre-Neuve. Hier, mon chef a déclaré bien clairement que la Chambre n'avait à se prononcer que sur une seule question: il s'agit de décider si nous favorisons la consommation de la confédération rêvée en y comprenant Terre-Neuve.

Telle est la situation, du point de vue juridique et parlementaire. Mais, en outre, le Parlement a une responsabilité morale: il lui incombe de supprimer ou d'amoindrir tout motif de mécontentement de la part de la très forte minorité qui a voté négativement, lors des deux referendums. L'essence de la démocratie consiste à reconnaître la nécessité de sauvegarder les droits des minorités. La dictature nie que les minorités aient des droits et, en ce qui concerne les minorités, ces droits sont déterminés par le simple procédé de la coercition.

Le 19 juin de l'an dernier, j'ai posé au premier ministre quelques questions au sujet des délibérations qui ont abouti à l'union de Terre-Neuve au Canada. Comme en font foi les pages 5707 et 5708 du compte rendu de l'an dernier, le très honorable député s'est exprimé dans les termes suivants:

"L'Acte de l'Amérique du Nord britannique prévoit qu'il peut y avoir union entre le Canada et Terre-Neuve par suite d'une requête conjointe des Chambres du Parlement du Canada et de l'Assemblée législative de Terre-Neuve. Il serait possible de recourir à cette méthode, mais il faudrait à cette fin restaurer le gouvernement autonome de Terre-Neuve et, ensuite, soumettre les requêtes conjointes prévues aux termes de l'article 146 de l'Acte de l'Amérique du Nord britannique. L'union pourrait être réalisée par ordonnance de Sa Majesté en conseil se fondant sur ces requêtes conjointes, sans aucune mesure législative du Parlement de Westminster ni du Parlement du Canada. Si, cependant, on n'a pas recours à cette méthode, aucune disposition expresse ne prévoit la situation, et il y aurait lieu de recourir à une nouvelle mesure législative qui ne pourrait être adoptée, j'imagine, que par le Parlement de Westminster sur réception de requêtes conjointes en ce sens des chambres du Parlement canadien."

Il expose ensuite le détail de la marche à suivre en pareil cas. Je signale une fois de plus que les députés ressentent un sentiment de fierté à la pensée que les espérances des auteurs de la Confédération sont sur le point de se réaliser. L'acquisition de Terre-Neuve, par son importance du point de vue stratégique, se rangera avec l'acquisition, par les États-Unis, de l'Alaska et de la Louisiane. C'est l'achèvement de cette unité qui

and the representatives of Newfoundland. Yesterday my leader made clear that we in this house had but one matter to determine, and that was the question of whether or not we favoured consummation of the dream of confederation by the inclusion of Newfoundland.

That, of course, is the legal and parliamentary position. But in addition to the legal position, as I see it there is also a moral responsibility resting upon this parliament to remove or alleviate any causes of discontent on the part of the very large minority who voted in the negative during the two referendums. The essence of democracy is a recognition of the need to preserve the rights of minorities. Dictatorship denies that minorities have rights and, as far as minorities are concerned, those rights are determined by the simple process of coercion.

On June 19 of last year I asked the right hon. Prime Minister a number of questions in regard to the proceedings that led up to the question of confederation between Newfoundland and Canada. At page 5545 of *Hansard* for last year the right hon. gentleman used these words:

"The British North America Act contemplated that there might be union between Canada and Newfoundland on a joint address of the houses of parliament of Canada and the legislature of Newfoundland. That principle could be resorted to; but it would require, in order to be resorted to, the restoration of self-government in Newfoundland, and then joint addresses under the terms of section 146 of the British North America Act. On those joint addresses, union could be consummated by order of His Majesty in council without legislation in the parliament at Westminster or legislation in the parliament of Canada. But if that method is not resorted to, the matter is not expressly provided for and would have to be accomplished by new legislation that could, I suppose, be adopted only by the parliament at Westminster if there were joint addresses from the houses of the Canadian parliament asking that it be done."

Then he goes on to set out in detail the usual processes. Once more I should like to point out that we in this parliament recognize with pride the fact that the hopes of the fathers of confederation are about to be consummated. The acquisition of Newfoundland will take its place, in strategic importance, with the acquisition by the United States of Alaska and Louisiana. It is actually the completion of that unity which caused

faisait dire à M. Galt, au moment de la Confédération:

"La moitié d'un continent nous appartient si nous avons le courage d'assumer le fardeau."

En assumant ce fardeau, en accueillant ceux qui, jusqu'ici, appartenaient à un autre dominion du Commonwealth, nous voulons par-dessus tout l'assurance que ces nouveaux Canadiens se joindront à nous dans un esprit d'amitié et d'unité, en vue de contribuer ainsi à la force, à la puissance et à la destinée de la Confédération. Voilà pourquoi je soulève ces questions, car, si j'interprète bien l'Acte de l'Amérique du Nord britannique, la façon dont nous procédons dans le présent cas n'y a pas été prévue. L'article 146 ne prévoit qu'une seule façon de procéder, et elle diffère beaucoup de celle que nous suivons.

Afin d'atténuer les causes de division et afin qu'à l'occasion de l'entrée de Terre-Neuve dans la Confédération, la population de l'île puisse vraiment unir sa destinée à celle du Canada, je crois utile de demander certains éclaircissements. En répondant judicieusement à mes questions, le premier ministre pourra dans une large mesure dissiper les causes du mécontentement actuel des Terre-neuviens, mécontentement qui existe manifestement et qu'on ne saurait écarter en refusant d'envisager les faits.

Tout d'abord, étant donné que, d'après le *Newfoundland Act* de 1933 et le rapport soumis à cette époque par la commission, le rétablissement du gouvernement responsable était envisagé, comment expliquer que le projet de confédération prévu à l'article 146 de l'Acte de l'Amérique du Nord britannique n'a pas effectivement été suivi dans ce cas-ci? En second lieu, qu'a fait le gouvernement canadien pour éliminer les motifs des objections formulées par la très importante minorité qui a manifesté sa force à l'occasion des deux referendums? En troisième lieu, a-t-on reçu au sujet de la ligne de conduite suivie par le Gouvernement canadien, des observations adverses émanant de groupes de particuliers qui déclarent représenter les 70,000 personnes qui ont voté en faveur du rétablissement du gouvernement responsable? Si de telles observations ont été soumises, le premier ministre voudrait-il les déposer, de même que le texte des réponses qui y ont été faites? En quatrième lieu, et c'est un point extrêmement important à mon avis, ainsi que le chef de l'opposition l'a clairement démontré, notre devoir en tant que Canadiens est de nous prononcer sur cette mesure, de façon à n'empiéter nullement sur la souveraineté d'un autre dominion.

Mr. Galt, as he then was, to say at the time of confederation:

"Half a continent is ours if we have but the courage to take up the burden."

In taking up that burden, in welcoming those who heretofore have belonged to a sister dominion, above everything else we want to be sure that these new citizens who join us will do so in a spirit of amity and unity, thereby making their contribution to the strength, power and destiny of this confederation. For that reason I bring up these questions, because as I read the British North America Act the procedure followed here was never contemplated. Section 146 contemplated only one procedure, much different from that now being adopted.

With a view to ameliorating the causes of division and bringing into this confederation the people of Newfoundland in that spirit of dedication to our common destiny, I ask certain questions by way of explanation. I believe that the answers to these questions, properly given by the Prime Minister of this country, will go far to remove the causes of the discontent which now exists in Newfoundland, which cannot be denied and cannot be answered by a refusal to face the facts.

I ask, first, in view of the fact that under the Newfoundland Act, 1933, and the commission report at that time, it was contemplated that responsible government would be restored, why is it that the plan of confederation as provided for under section 146 of the British North America Act has not, in fact, been followed in this case? Secondly, what has the Canadian government done to remove the reasons for the objections that have been made by that very large minority that showed its strength in the vote on the two references? Thirdly, have any representations been received in opposition to the course followed by the Canadian government from groups of individuals in Newfoundland claiming to represent the seventy odd thousand who voted for the restoration of responsible government? If such representations have been made, would the Prime Minister table them and also table the replies given in reference thereto? Fourthly, and I think it is very important, the leader of the opposition has made clear that our responsibility as Canadians is to vote on this legislation and in no way to infringe upon the sovereignty of another dominion.

Ceci admis, j'aimerais savoir, étant donné que les Terre-neuviens deviendront des Canadiens et que nous devons, de part et d'autre, nous efforcer de supprimer tout motif de désaccord, vu que le Gouvernement n'a pas observé le mode de procéder prévu dans l'Acte de l'Amérique du Nord britannique en prévision de toute union possible d'une nouvelle province, j'aimerais savoir, dis-je, si le gouvernement actuel a consulté le gouvernement britannique afin de s'assurer s'il ne serait pas préférable de restaurer le gouvernement responsable à Terre-Neuve avant de discuter ici la question de confédération?

Une réponse à cette question contribuerait fortement à démontrer aux Terre-neuviens que les Canadiens les accueilleront sympathiquement et à leur prouver que nous ne voulons aucunement régler leur destinée sans reconnaître leurs droits.

. . .

M. MACINNIS[136]: Monsieur l'Orateur, je traiterai le sujet qu'a abordé le représentant de Lake-Centre (M. Diefenbaker), mais je ne prendrai pas une attitude identique à la sienne; je soutiendrai plutôt le contraire. Je ne critiquerai pas ses observations, parce que je crois que deux membres de notre groupe ont abordé ce sujet au cours du débat hier.

M. DIEFENBAKER: Ils ont simplement posé des questions. [*sic*]

M. MACINNIS: Oui, je le sais. C'est aller un peu trop loin, à mon avis, que de prétendre que les Pères de la Confédération pouvaient établir la procédure qui régirait l'entrée, 80 ans plus tard, de Terre-Neuve dans la Confédération. Il est vrai que l'Acte de l'Amérique du Nord britannique renferme des dispositions à cette fin, mais en les adoptant on ne pouvait prévoir que le Dominion de Terre-Neuve n'aurait pas de gouvernement responsable en 1949, au moment de son entrée dans la confédération. C'est ce point que je veux établir. La Chambre manifeste une si grande unanimité quant à l'à-propos de réunir Terre-Neuve au Canada qu'on aurait tort de critiquer. Ce serait bien inutile, car à mon avis le Parlement ne peut rien faire en ce qui regarde les griefs énoncés. Je ne cherche aucunement à défendre la conduite du Gouvernement. Il n'a pas besoin de moi pour le défendre; il a assez d'adhérents de son côté pour soutenir son geste. Mais, à

[136]De la Fédération du commonwealth coopératif (CCF).

Recognizing that, I should like to ask this question. In view of the fact that Newfoundlanders will now become Canadians, and the desire of each of us must be to remove any possibility of disunity by reason of the fact that the government has not followed the scheme set forth in the British North America Act to cover possible union in the future, has this government made any representations to the British government regarding the question whether or not it would be preferable that responsible government be restored in Newfoundland prior to the matter of confederation being discussed in this house?

I think an answer to those questions would go a long way towards arousing the people of Newfoundland to a realization that we in Canada, in welcoming them, want them to realize that in no action we take are we endeavouring to control their destiny without a recognition of their rights.

. . .

Mr. MACINNIS[136]: Mr. Speaker, I want to say a few words along the same lines as those spoken by the hon. member for Lake Centre (Mr. Diefenbaker), although I am not taking the same position. Indeed, I am taking the opposite one. I am speaking not in criticism of what he said but because two members from this group spoke along the same lines in the debate yesterday.

Mr. DIEFENBAKER: I merely asked questions.

Mr. MACINNIS: Yes, I quite understand. It seems to me that we are going a little bit too far when we say that the fathers of confederation could lay down the procedure by which the dominion of Newfoundland, some eighty years later, could come into confederation. It is true that a procedure was laid down in the British North America Act, but when that procedure was laid down it could not be foreseen that the dominion of Newfoundland would not have a responsible government in 1949 when its entry into confederation was being considered. That is one of the points I wish to make. There is so much unanimity in this house on the desirability of Newfoundland joining with Canada that I think it would be a mistake to indulge in criticism that can lead nowhere; because, in my opinion, there is nothing this parliament can or could do in the matters complained of. I am not attempting to defend the government in what it

[136]Of the Cooperative Commonwealth Federation (CCF).

mon sens, il n'appartenait pas à notre gouvernement de conseiller à celui du Royaume-Uni de rétablir le gouvernement responsable à Terre-Neuve, et de laisser ce dernier négocier avec le Gouvernement du Canada. Il est vrai que je ne suis pas très au courant de la façon de procéder dans des circonstances de ce genre, mais je ne crois pas qu'il convenait pour le Dominion du Canada de formuler de telles propositions. La question a fait l'objet de deux referendums à Terre-Neuve et, suivant le mode de votation, on s'est opposé dans les deux cas à la restauration du gouvernement responsable. Le premier scrutin portait sur trois questions: le gouvernement au moyen d'une commission, le gouvernement responsable et la confédération. Le plus grand nombre de voix a favorisé le gouvernement responsable. Mais il était stipulé qu'il faudrait une majorité absolue. Lors du premier vote, on s'est prononcé par 85,000 à 69,000 contre le gouvernement responsable. Au vote subséquent, la situation était à peu près semblable. La confédération fut adoptée par une majorité assez considérable. Si un député était élu avec une majorité aussi décisive que celle que la confédération a eue, il aurait bien raison de se croire autorisé de parler au nom de ses commettants. Une seule conclusion s'impose quant aux critiques sur la conduite des négociations. Je ne crois pas qu'un seul député accepte cette conclusion, car d'abord elle retarderait la confédération et, à mon avis, rien ne serait changé aux résultats. La conclusion qui s'impose, c'est de tenir un autre referendum à Terre-Neuve en exposant au peuple les conditions exactes de l'entrée dans la Confédération. On devrait lui demander s'il veut la confédération ou non. Voilà la conclusion qu'appelle la critique du député de Lake-Centre et de deux députés de notre parti. Je ne crois pas que personne puisse proposer cette solution sérieusement, s'il est besoin d'une solution, ou si nous voulons dire qu'on n'a pas procédé de la vraie façon démocratique dans ce cas. Je crois que la méthode employée, c'est-à-dire un referendum parmi la population de Terre-Neuve, est une méthode démocratique. Les opinions peuvent être partagées à Terre-Neuve entre ceux qui voulaient un gouvernement responsable et ceux qui voulaient la confédération; mais je ne crois pas que c'est en rabâchant toujours la même histoire à la chambre qu'on parviendra à atténuer ces différences d'opinion et la rancoeur. Occupons-nous donc des conditions de la confédération sans délai et j'espère que l'entrée de Terre-Neuve dans la Confédération avec le reste du

has done. It does not need my defence, because it has plenty of supporters on its own side quite able to defend its actions. I do not believe it was up to this government to suggest to the government of the United Kingdom that it should restore responsible government to Newfoundland to enable it to negotiate with the government of Canada. I am not well versed in how these things are done, but I do not believe that it would be proper for the Dominion of Canada to make proposals of that kind to the United Kingdom government. There were two referendum votes taken on this question by the people of Newfoundland. According to the system of voting followed, both votes were opposed to the reconstitution of responsible government. The first vote was on three questions: the commission form of government, responsible government and confederation. Responsible government received the largest vote. But it was stipulated that it would require to have an over-all majority. The first vote then stood at 85,000 to 69,000 against responsible government. In the next vote the situation was somewhat similar. Confederation carried by quite a reasonable majority. If an hon. member came to this house with as clear a majority as confederation received I believe he would think that he was quite justified in speaking for the electors of his constituency. There is only one logical conclusion to the criticism of how the negotiations were carried out, and I do not think any hon. member would want to accept that conclusion because, in the first place, it would delay confederation and in my opinion the results would be the same as they are now. That conclusion is to have another referendum taken by the people of Newfoundland with the exact terms of confederation before them. They should be asked whether they want confederation or not. That is the logical conclusion to the criticism made by the hon. member for Lake Centre and the two hon. members from my own party. I do not think anyone would suggest that seriously as a solution, if a solution is required, or if we want to insist that a greater degree of democracy should be used in the circumstances. I believe that the procedure followed, namely a referendum vote of the people of Newfoundland, was a democratic one. There may be a difference of opinion in Newfoundland between those who wanted responsible government and those who wanted confederation, but I do not believe that the best way to smooth out those differences of opinion, and put an end to any bad feeling that may still exist, is to keep harping on it in this house. Let us get ahead with the terms of confederation as quickly as possible, and when we bring

Canada ne causera de regrets ni à Terre-Neuve ni à nous-mêmes.

. . .

Le très hon. M. ST-LAURENT: L'honorable député de Lake-Centre a posé certaines questions. Bien que je n'aie pas ici toute la documentation voulue pour y répondre, je vais fournir certains renseignements, à titre provisoire, afin que le tableau ne semble pas incomplet. Je dis immédiatement que j'apprécie l'attitude prise par les députés en face de cette proposition. Pour ma part, je crois, avec l'honorable représentant de Vancouver-Est, que ce n'est pas agir de manière à faire disparaître l'irritation dont s'accompagne naturellement la défaite dans une épreuve disputée au moyen du vote populaire, que de revenir constamment sur le sujet.

Des règles ont été établies pour cette affaire. Il se trouve qu'une importante minorité, n'ayant pas obtenu ce qu'elle souhaitait, aimerait maintenant qu'on recommançât l'épreuve. D'aucuns aimeraient qu'une épreuve plus récente fût déterminée par un nouveau vote; mais ce n'est pas ainsi que fonctionne la démocratie.

Dans le cas qui nous occupe, le gouvernement du Royaume-Uni s'était d'abord engagé, — je ne me porte pas à la défense du gouvernement anglais, mais j'expose tout simplement les faits qui, à mon sens, constituent une justification, — à rendre le gouvernement responsable à Terre-Neuve, à la demande ou à la prière des autorités (je ne me rappelle pas les termes exacts), quand la situation se serait améliorée.

En décembre 1945, — Terre-Neuve n'avait alors comme gouvernement que la Commission de gouvernement, composée d'un gouverneur nommé par le Royaume-Uni, de trois résidents du Royaume-Uni et de trois résidents de Terre-Neuve, — le gouvernement du Royaume-Uni jugea qu'il ne lui appartenait pas de demander le rétablissement du gouvernement responsable, et prenait le parti de demander à une convention nationale, élue par la population de Terre-Neuve, d'aviser à la forme qu'allait prendre désormais le gouvernement de l'île.

Cette convention fut élue. Après avoir étudié la situation financière et le reste, elle publia ses conclusions. Le gouvernement de Terre-Neuve décida alors de demander à la population elle-même si elle voulait un gouvernement responsable, le maintien de la Commission de gouvernement ou l'union fédérative avec le Canada. Comme trois questions allaient être soumises, il déclara que, si aucune d'elles ne ralliait une ma-

Newfoundland into confederation with the rest of Canada I hope that neither they nor we will ever regret it.

. . .

Mr. ST. LAURENT: The hon. member for Lake Centre asked certain questions. I have not all the material here but in order that the record may not appear incomplete I shall attempt to give a provisional answer. First, I should like to say that I appreciate the attitude which has been taken by hon. members in respect of this proposal. Personally I share the views expressed by the hon. member for Vancouver East, that it is not apt to be helpful, in eradicating the irritation that naturally comes from losing out in any contest by popular vote, to be constantly referring to that fact.

Rules were set for this matter. It so happens that there was a substantial minority that did not have its way and that would now like to see the thing started over again. There are some people who would like to see a more recent test determined by a vote started over again, but that is not the way democracies work.

In this case there was originally an undertaking by the government of the United Kingdom — I am not attempting to make a defence of the government of the United Kingdom, I am simply stating the facts which I think afford justification — to restore responsible government to Newfoundland on demand or on request — I do not remember exactly what the terms were — when the situation had improved.

In December, 1945, the government of the United Kingdom decided — there was no other government in Newfoundland at that time than the commission of government composed of a governor appointed by the United Kingdom, three residents of the United Kingdom, and three residents of Newfoundland — that they were not the ones to make the request for the restoration of responsible government and determined that there would be a national convention, elected by the people of Newfoundland, to consider the form of their future government.

That convention was elected. After it had investigated the financial situation and so forth its findings were made public. Then the government of Newfoundland said: We will ask the people themselves whether they want responsible government, a continuation of the commission of government, or confederation with Canada. In view of the fact that three questions were to be submitted, they said, if there is not an absolute

jorité absolue, il y aurait un second referendum. Le vote n'ayant valu une majorité absolue à aucune de ces questions, le second referendum eut lieu.

Cette fois, la population de Terre-Neuve, au lieu d'exprimer sa volonté de rétablir le gouvernement responsable, indiqua qu'elle ne voulait pas le rétablir. Au premier referendum, certains avaient voté en faveur du rétablissement du gouvernement responsable, mais ils n'étaient pas en majorité. Au deuxième referendum la majorité a déclaré: Non, nous ne voulons pas le rétablissement du gouvernement responsable; nous voulons l'union avec le Canada.

Trente-cinq [*sic*] membres de la convention ont voté contre la soumission de cette proposition de la convention;[137] je suis donc étonné de l'attitude de l'honorable député de Charlevoix-Saguenay qui prétend qu'on n'avait aucune raison de soumettre cette question à la population de Terre-Neuve. La convention nationale était simplement chargée d'étudier la situation et de formuler des propositions; elle n'était même pas un organisme législatif.

En l'absence de corps législatif autre que la commission gouvernementale qui n'était pas un organisme représentatif, et étant donné que la population a eu l'occasion de se prononcer dans un referendum, il me semble que le résultat du referendum est l'expression démocratique du désir de la population de Terre-Neuve.

Je reviendrai sur les autres questions à la reprise de la séance. Je sais que l'honorable député de Lake-Centre est aussi désireux qu'aucun de nous de voir s'accomplir l'union aux conditions les moins susceptibles de laisser du ressentiment dans l'esprit des nouveaux Canadiens qui se joignent à notre nation.

M. DIEFENBAKER: C'est pour cette raison que j'ai demandé des éclaircissements.

Le très hon. M. ST-LAURENT: J'essaierai de répondre aussi complètement que possible, car l'honorable député estime, je suppose, que plus nous ferons de lumière autour de ces faits, plus nous contribuerons à dissiper le mécontentement.

M. DIEFENBAKER: C'est pourquoi j'ai posé mes questions.

. . .

[137]En réalité, le vote sur cette proposition était 29 à 16 contre. Voir les documents 501 et 505.

majority in favour of any one there will have to be a second referendum. There was a vote but there was no absolute majority in favour of any of the three questions, and a second referendum was held.

On that second occasion the people of Newfoundland, instead of saying that they wanted responsible government restored, decided against it. In the first referendum some of them had wanted responsible government restored, but they were not a majority of those who voted. In the second referendum the majority said: No, we do not want responsible government restored; we want union with Canada.

Twenty-five members of the convention voted against the submission of the proposal of the convention[137] and I am rather surprised at the attitude taken by the hon. member for Charlevoix-Saguenay that there was no justification for putting the question to the people of Newfoundland. The national convention was merely a convention to inquire into the situation and to make recommendations; it was not even a legislative body.

In the absence of any legislative body other than the commission of government, which was not representative, and a referendum having been submitted to the people, it seems to me that the result of that referendum was a democratic expression of what the people of Newfoundland wanted.

I shall deal with the other questions at eight o'clock. I appreciate that the hon. member for Lake Centre is as desirous as any of us here to have union accomplished under such terms as will leave the least possible resentment in the minds of the new Canadians who are joining our nation.

Mr. DIEFENBAKER: That was the purpose of the questions.

Mr. ST. LAURENT: I shall endeavour to give as full answers as possible, because I think the hon. member feels that the more light we can throw on the fact the greater help will be given to dispelling resentment.

Mr. DIEFENBAKER: That was the purpose of the questions.

. . .

[137]In fact, the vote on this proposal was 29 to 16 against. See Documents 501 and 505.

Le très hon. M. ST-LAURENT: A la levée de la séance, je traitais des questions soumises par l'honorable député de Lake-Centre, déclarant me rendre compte qu'il les avait posées afin d'obtenir des éclaircissements, dans l'espoir que ces renseignements dissiperaient dans une certaine mesure le mécontentement de ceux qui estiment qu'on aurait dû s'y prendre d'une autre façon pour réaliser l'union.

Sauf erreur, il a d'abord demandé pourquoi, étant donné que le *Newfoundland Act* de 1933 prévoit que le gouvernement responsable pourra être rétabli, à la demande de la population de Terre-Neuve, lorsque la situation financière de l'île sera redevenue satisfaisante, on n'a pas suivi, pour réaliser l'union, la procédure exposée à l'article 146 de l'Acte de l'Amérique du Nord britannique. Comme les honorables députés s'en souviennent sans doute, cet article stipule que Sa Majesté, suivant l'avis de son conseil privé et à la suite d'adresses des Chambres du Parlement du Canada et des Chambres de la législature de Terre-Neuve ou de l'île du Prince-Édouard, peut admettre ces colonies dans l'Union.

Je crois avoir répondu à la première partie de la question. Nous n'avons pas jugé à propos d'exprimer des vues quant à la façon dont le gouvernement du Royaume-Uni et le gouvernement de Terre-Neuve avaient appliqué les dispositions établies en 1933. Nous avons toujours considéré comme admis que la population du Canada serait heureuse de voir Terre-Neuve faire partie de la Confédération, mais nous nous sommes bien gardés d'influencer en quoi que ce soit la liberté d'action ou la décision des Terre-neuviens à ce sujet. Je puis vous avouer en toute franchise qu'à notre sens, nous ne pouvions probablement pas prendre d'attitude plus propice à susciter chez les Terre-neuviens le désir de se joindre au Canada. Nous sentions que la population de Terre-Neuve, naturellement fière de son histoire et du contrôle qu'elle exerçait sur ses propres affaires jusqu'en 1933, s'offusquerait de toute intervention de la part du Gouvernement ou de la population du Canada qui pût être considérée comme l'expression d'une opinion sur ce que les Terre-neuviens devaient faire.

Le député de Lake-Centre se rappelle que nous avons débattu ce point vers la fin de la session de 1948. Ce député a cité des extraits des *Débats* de la séance du samedi 19 juin 1948. Je me dispenserai de lire ce qui s'est dit alors mais, en répondant aux questions que me posait le député de Lake-Centre, j'ai dit que, pour notre part, nous jugions qu'il ne fallait pas chercher à intervenir

Mr. ST. LAURENT: When the committee rose at the dinner hour I was proceeding to deal with the questions suggested by the hon. member for Lake Centre, and I believe I said I appreciated that he was putting these questions for the purpose of having the facts upon the record in the hope that it might dissolve some of the resentment felt by those who believe some other procedure to achieve confederation should have been followed.

If I understood the hon. member correctly his first question was why, in view of the terms of the Newfoundland act of 1933 — which provided that on request of the people of Newfoundland, when their financial situation had been restored they would get back responsible government — the procedure to bring about union had not been that contemplated in section 146 of the British North America Act. That section, as hon. members will recall, provided that her majesty, on the advice of her most honourable privy council, might on the joint addresses of the houses of the Canadian parliament and the houses of the legislature of Newfoundland or Prince Edward Island, admit those colonies into union.

I think I have dealt with the first part. We did not consider it would be proper for us to express any views in respect to the manner in which the government of the United Kingdom and the government of Newfoundland should carry out the provisions that had been made in 1933. We constantly maintained the position that we felt the Canadian people would be glad to welcome the entry of Newfoundland into confederation, but that we should not do anything to influence her decision or course of action in the matter. To be quite frank, I may say we felt that this would probably be the most helpful attitude for us to maintain in order to bring about a desire to join Canada. We felt that the people of Newfoundland, naturally proud of their history and the control over their own affairs which they had up to 1933, would resent any action by the Canadian government or the Canadian people which might be construed as expressing an opinion as to what they should do.

The hon. member for Lake Centre will remember that we had some exchanges in that regard at the end of the session of 1948. He referred to the *Hansard* report of Saturday, June 19, 1948. I will not take time to read the exchanges that took place then, but in answering questions put by the hon. member for Lake Centre I said our position was that we felt we should not attempt

dans l'exercice des responsabilités du Gouvernement du Royaume-Uni ou de celui de Terre-Neuve et que nous éviterions scrupuleusement de faire tout ce qui pourrait être interprété comme une tentative de notre part de dicter une ligne de conduite à nos bons amis de l'Île.

Voici la situation qui s'est présentée. Le gouvernement du Royaume-Uni ayant réclamé l'élection d'une convention nationale et celle-ci ayant adopté une résolution priant le gouverneur de Terre-Neuve de s'informer si le gouvernement canadien était disposé à accueillir une délégation et à étudier avec elle la possibilité d'arrêter un projet d'union de Terre-Neuve avec le Canada à des conditions satisfaisantes, nous avons répondu qu'une telle délégation serait bienvenue. Les délégués sont venus. Après avoir conféré avec eux pendant plus de trois mois, nous avons soumis les conditions que nous jugions alors équitables et auxquelles l'union pouvait se réaliser.

Nous n'avons alors fait rien de plus. La convention nationale a été saisie de la question. Après l'avoir débattue, elle a décidé, par un vote majoritaire, de ne pas demander à la population de se prononcer, dans le référendum, sur l'à-propos de s'unir au Canada. Je puis donner à la Chambre l'assurance que nous n'avons exprimé aucune opinion sur la nécessité de mettre cette question aux voix. Vu le nombre de ceux qui avaient voté pour l'inclusion de cette question dans le scrutin et vu, nous a-t-on dit, le grand nombre d'habitants de Terre-Neuve qui avaient signé des pétitions en ce sens, le gouvernement du Royaume-Uni a décidé que la question devait être soumise.

Pendant tout ce temps, nous avons observé la plus stricte neutralité car, à mon avis beaucoup d'entre nous ont jugé que, de la sorte, nous favorisons mieux les chances d'union que si nous tentions de dire ou de faire quoi que ce fût que les gens de Terre-Neuve eussent pu interpréter comme une velléité d'influencer leur décision en cette affaire.

La question fut posée à la population, avec le résultat que l'on sait, déjà indiqué au cours du présent débat. Mon prédécesseur, le premier ministre de l'époque, a déclaré après le premier referendum qu'au cas où les Terre-neuviens démontreraient de façon nette et indiscutable, lors d'un deuxième scrutin, qu'ils désiraient s'unir au Canada à peu près selon les conditions énoncées dans la proposition, le gouvernement du Canada collaborerait avec les représentants de Terre-

to interfere with the discharge of the responsibilities of the government of the United Kingdom or the government of Newfoundland, and that we would scrupulously endeavour to avoid doing anything which might be construed as an attempt on our part to dictate to our good friends of the island.

The situation which presented itself to us was that the government of the United Kingdom had requested the election of a national convention; that this national convention had passed a resolution requesting the governor of Newfoundland to inquire whether the Canadian government would be prepared to receive a delegation and to explore with that delegation whether or not there were satisfactory terms which could govern the union of Newfoundland with Canada. The reply given was that we would welcome that delegation. The delegation came. We worked with them for over three months, and afterward submitted what we then considered would appear to be fair terms upon which the union could be consummated.

We did nothing beyond that at that time. The matter came before the national convention; and after discussing the terms a majority of the national convention voted against including in the referendum a question as to whether or not the people would wish to unite with Canada. I can give this house the assurance that we expressed no views as to whether that question should or should not be included in the ballot. The government of the United Kingdom decided that, in view of the number who had voted for its inclusion in the ballot, and in view of what we were told, that there were petitions signed by great numbers in Newfoundland asking that it should be included, they would submit the question.

During the whole of that period we were maintaining an attitude of the strictest neutrality, because personally I think many of us felt that by doing so we would favour the prospects of union to a greater degree than if we attempted to say or do anything which could be construed on the island as showing a desire to influence their decision in the matter.

The question was submitted, with the result that has been referred to already in the course of the debate. After the first referendum a statement was made by my predecessor, the Prime Minister at that time, that if on the second ballot the people of Newfoundland indicated in a clear and unmistakable way that they wished to join Canada on substantially the terms of the proposal that had been submitted, the Canadian government would co-operate with their repre-

Neuve en vue de donner une forme définitive à ces conditions. Si mes souvenirs sont exacts, l'honorable député, ou quelque autre député de l'autre côté de la Chambre, a demandé ce qui allait être considéré comme une décision nette et indiscutable des habitants de Terre-Neuve. Parlant en mon propre nom, car la question n'avait pas été étudiée au cabinet, j'ai dit qu'on s'en tiendrait à la méthode démocratique ordinaire; que s'il y avait majorité, cette majorité pourrait être considérée comme l'expression de l'opinion qui devrait l'emporter mais que, après tout, il ne nous incombait pas de compter les bulletins de vote ni de décider si le vote était suffisant ou non. Si le gouvernement du Royaume-Uni et le gouvernement de Terre-Neuve, après avoir compté les bulletins, nous déclaraient de leur propre chef, qu'une majorité des votants s'était prononcée en faveur de l'union avec le Canada, j'ai dit que nous pourrions difficilement refuser de reconnaître la validité de cette déclaration. Effectivement, on nous a fait savoir que la majorité avait approuvé le rattachement au Canada et que le gouverneur nommerait une délégation qui viendrait arrêter avec nous les conditions définitives de l'union.

Les délégués sont venus. La question a fait l'objet d'une discussion qui, à mon sens, a été tout à l'honneur des députations du Canada et de Terre-Neuve. D'une manière générale, on a exprimé l'avis que le moment n'était pas venu de chercher à obtenir tel ou tel avantage, mais qu'il y allait de l'intérêt de tous, si l'union devait avoir lieu, de déterminer les conditions que la majorité des gens sensés au Canada et à Terre-Neuve pourraient juger équitables et susceptibles de contribuer au bien-être de la nation canadienne ainsi accrue.

Le jour où les conditions devaient se signer, il est arrivé de Saint-Jean un télégramme qui m'était adressé[138] et que je déposerai pour me rendre à la demande du député de Lake-Centre. Il porte la signature du président de la Ligue du gouvernement responsable, M. Fred W. Marshall.[. . .]

. . .

Pour ce qui est des observations formulées par l'organisme qui se désigne la Ligue terre-neuvienne du gouvernement responsable, je ne puis que répéter ce que j'ai dit à la Chambre, sur la fin de la dernière session. L'extrait suivant est tiré des *Débats* du 19 juin:

[138]Non reproduit. Voir la référence 115, document 839.

sentatives in giving final form to those terms. If I remember correctly the hon. gentleman, or some hon. gentleman on the other side, asked what would be considered a clear and unmistakable decision of the people of Newfoundland. Speaking for myself — because we had not discussed the matter in council — I said I thought it would be the usual democratic process; that if there was a majority, that majority would be apt to be considered as the expression of the views that should prevail, but that after all it was not our responsibility to count the ballots or decide the sufficiency or insufficiency of the vote. If the government of the United Kingdom and the government of Newfoundland, after counting the ballots, stated to us on their responsibility that there had been a majority for union with Canada, I said I thought it would be very difficult for us to refuse to recognize the validity of that statement; and they did state to us that there had been a clear majority expressing a desire to unite with Canada, and that the governor was appointing a delegation to come and discuss the final terms of union.

That delegation came. The situation was discussed, I think, in a manner that did credit to both the Canadian and the Newfoundland delegations. I believe the view that prevailed was that it was not a time to try to get this or that particular advantage but that it was in the interests of all, if there was to be union, to have such terms determined as could be accepted by the majority of the reasonably-minded people in Canada and Newfoundland as being fair and apt to promote the welfare of the enlarged Canadian nation.

On the day those terms were to be signed there arrived from St. John's a telegram addressed to me,[138] which in compliance with the request made by the hon. member for Lake Centre I shall table. It is signed by Mr. Fred W. Marshall, chairman of the responsible government league.[. . .]

. . .

With respect to these representations of the organization which calls itself the responsible government league in Newfoundland, I can only repeat what I said in the house at the end of the last session, at page 5546 of *Hansard:*

[138]Not printed. See footnote 115, Document 839.

"Le ministère, bien entendu, recevrait courtoisement et déposerait toutes observations formulées par un groupe quelconque de Terre-Neuve; mais le Gouvernement ne prendrait aucune disposition à propos d'observations qui n'émaneraient pas des autorités à qui incombe la responsabilité constitutionnelle du gouvernement de Terre-Neuve, à l'heure présente."

Le referendum ayant eu lieu, la majorité s'est prononcée en faveur non du rétablissement du gouvernement responsable, mais de l'union avec le Canada à peu près aux conditions proposées. Nous étions alors d'avis que si nous agissions de manière à rebuter ou à repousser les avances des Terre-neuviens, nous offenserions gravement un grand nombre d'entre eux, peut-être au point où la question de l'union avec le Canada serait de nouveau mise au rancart. Nous estimons qu'il fallait soigneusement éviter de froisser les susceptibilités de ceux qui, nous l'espérions comme les auteurs de la Confédération l'avaient souhaité il y a plus de quatre-vingts ans, deviendraient à la longue nos concitoyens au sein de la nation canadienne.

Le député de Lake-Centre (M. Diefenbaker) a demandé quelles mesures le gouvernement canadien a prises en vue de supprimer les objections. Pour les motifs que j'ai exposés, le gouvernement canadien n'a pas tenté de les surmonter. Il a laissé aux Terre-neuviens le soin de prendre une décision et de s'occuper des tenants ainsi que des adversaires de l'union avec le Canada.

La troisième question était: Le gouvernement canadien a-t-il reçu des protestations? J'ai répondu à cette question et je déposerai, dès que mon personnel me l'aura procuré, un autre document adressé aux premiers ministres participant à la réunion de Londres.[139]

La quatrième question était celle-ci: Le Gouvernement a-t-il adressé des observations au gouvernement du Royaume-Uni, quant à l'opportunité de rétablir le gouvernement responsable? Je dois répondre par la négative. Nous étions d'avis que ce n'était pas là notre domaine et que le gouvernement canadien devait laisser au gouvernement du Royaume-Uni et au gouvernement de Terre-Neuve le soin de prendre les mesures que, de leur côté, ils estimeraient utiles. Selon nous, le gouvernement canadien en avait assez d'expliquer au Parlement du Canada l'attitude qu'il

[139]Voir le document 828.

"The department would, of course, receive courteously and file anything that would come from any group in Newfoundland, but the department would not act on anything that does not come from those who have the constitutional responsibility for the government of Newfoundland at the present time."

This referendum had been held and the majority of those voting expressed the opinion they did not want the restoration of responsible government but did want union with Canada substantially on the terms of the proposal. It was our feeling that had we, at that time, done anything to rebuff or repulse the advances being made by the people of Newfoundland we would have seriously offended a large number of them, and possibly offended them to the point where the matter of union with Canada would have been shelved again. We felt we must be extremely careful to do nothing which would offend the susceptibilities of those who we hoped, as the fathers of confederation had hoped more than eighty years ago, would ultimately become our fellow citizens in this Canadian nation.

The hon. member for Lake Centre (Mr. Diefenbaker) has asked what the Canadian government has done to remove the objections. For the reasons I have stated, the Canadian government did nothing to remove those objections, leaving it to the people of Newfoundland to make their decision and deal with those who favoured and those who did not favour union with Canada.

The third question was, Have any representations in opposition been received by the Canadian government? I have answered that question, and as soon as the staff find it for me I will table the further document which was addressed to the prime ministers in conference at the London meeting.[139]

The fourth question was, Has this government made any representations to the United Kingdom government as to the desirability of restoring responsible government? To that question I must answer that we did not. We felt that it was not our province to do so and that, in so far as the Canadian government was concerned, it should leave entirely to the government of the United Kingdom and the government of Newfoundland the taking of such steps on their side as they might see fit. We felt that the Canadian government would have its responsibilities to the Cana-

[139]See Document 828.

adoptait, au nom du Canada, relativement à ces questions, sans avoir à assumer de responsabilités autres ni plus grandes que celle-là.

J'espère que cette déclaration convaincra la plupart des gens que nous avons cherché à conserver une attitude correcte au cours des pourparlers. Certains journaux ayant soutenu que la proposition relative à l'union provenait d'une conspiration savamment machinée, élaborée à la conférence de Québec de 1943, je tiens à faire une mise au point. Il me suffira, je crois, de mentionner la date. On sait ce qui réunissait à Québec, en 1943, M. Winston Churchill et M. Franklin D. Roosevelt; je n'ai pas à le cacher. Je tiens néanmoins à affirmer, pour qu'on le sache bien, qu'au cours de la conférence de Québec de 1943, il n'a nullement été question de confédération ou de rattachement de Terre-Neuve au Canada. A cette époque, les chefs de ces nations démocratiques cherchaient à trouver les moyens de mettre fin à l'épouvantable guerre qui menaçait notre existence à tous. Voilà ce qu'on a discuté à la conférence de Québec de 1943.

En outre, je nie catégoriquement que le Gouvernement du Canada ait jamais cherché à persuader nos amis de Terre-Neuve de se joindre à nous, sinon en conservant une attitude correcte, attitude qui a d'ailleurs été celle de tous les Canadiens. Nous estimions, à l'époque, que la meilleure manière de réaliser ce rêve de 1867, c'était d'agir en hommes dignes, libres, appartenant à un pays prospère, conservant dans l'administration de leurs affaires une attitude irréprochable. Nous n'avons pas changé d'avis. Nous avons pensé que c'était la ligne de conduite la plus apte à créer une bonne impression chez les habitants de Terre-Neuve. Nous avons adopté et maintenu cette attitude avec la plus grande exactitude possible. Par ailleurs, nous avons cru que ce serait blesser ces gens que d'agir de manière à laisser croire que nous repoussions leurs avances; et nous nous sommes abstenus de tout geste de cette nature. J'espère que les Terre-neuviens et les Canadiens finiront par constater que cette union, aux conditions qui ont été proposées, sera à l'avantage mutuel de tous les citoyens d'un Canada agrandi, et que ce sera un pas de plus dans la voie du progrès, pour ce pays qui occupe déjà une place importante dans la famille des nations.

dian parliament in the attitude it was taking for Canada in these issues, and that it should not assume any further or greater responsibility than that.

I hope that this statement of fact will satisfy most people that we endeavoured to maintain a correct attitude in the course of these negotiations. As I have seen in newspaper articles the statement that this suggestion of union was the result of a deep-laid conspiracy which had arisen out of the meeting of the Quebec conference in 1943, there is one assertion I wish to make. I do not think I need to do more than mention the date. Hon. members know what it was that brought together in Quebec, in 1943, Mr. Winston Churchill and Mr. Franklin D. Roosevelt, and I do not need to deny that statement. But for the record I deny that any question whatsoever of the entry of Newfoundland into confederation or of the union of Newfoundland with Canada was discussed at the Quebec conference of 1943. At that time the leaders of those democratic nations were endeavouring to devise ways and means by which to bring to an end the horrible war which was threatening the very existence of us all. That was the matter that was discussed at the Quebec conference of 1943.

Moreover, I emphatically deny that there was at any time any attempt by the Canadian government, otherwise than by maintaining a correct attitude and by maintaining the attitude that the whole of the people have maintained, to induce our Newfoundland friends to become associated with us. We felt then, as I still feel today, that the most effective way we could act to bring about, as early as possible, a consummation of this dream of 1867, was to behave as honourable, free men in a prosperous community, acting in a correct manner in the administration of their affairs. We felt that was the thing that would be most apt to make an impression upon the people of Newfoundland. That attitude was adopted and maintained with the most scrupulous exactitude. On the other hand, we felt that to do anything that might be construed as a rebuff to or a repulse of any advances that were being made would be offensive to that population; and we refrained from doing anything of that kind. I hope the people of Newfoundland and the people of Canada will find in the end that this union, on the terms that have been proposed, will work out to the mutual advantage of all those who will be citizens of greater Canada, and that it will prove to be a step forward in the progress of that people, which already occupies an important position in the family of nations.

M. RAYMOND[140] (Beauharnois-Laprairie): Monsieur l'Orateur, avant de commencer les observations que j'ai l'intention de formuler sur le sujet, j'aimerais poser une question au premier ministre. Je désirerais savoir si le Statut de Westminster s'applique à Terre-Neuve.

Le très hon. M. ST-LAURENT: Je n'aimerais pas me prononcer trop catégoriquement là-dessus. La délégation de Terre-Neuve nous a déclaré qu'il ne s'applique pas à Terre-Neuve, attendu qu'il y est stipulé qu'il deviendra en vigueur dans l'un quelconque des dominions, lors de son adoption par le Parlement de ce dominion et que, à l'époque, le Parlement ou l'assemblée législative de Terre-Neuve ne l'a pas adopté. Mais les conditions de l'union portent que, si l'union est commencée, il s'appliquera par la suite à la province de Terre-Neuve de la même manière qu'aux autres provinces du Canada.

. . .

M. le président suppléant: Le préambule est-il adopté?

(Le préambule est adopté.)

M. le président suppléant: Nous passerons maintenant à l'étude des conditions de l'union.

(Les articles 1 et 2 sont adoptés.)

Sur l'article 3 (application des Actes de l'Amérique du Nord britannique).

M. NICHOLSON[141]: Monsieur le président, je n'ai pas trouvé satisfaisante l'explication qu'a fournie le premier ministre au sujet de l'application de l'Acte de l'Amérique du Nord britannique. Bien que, à proprement parler, ce soit là un problème dont la solution soit laissée au gouvernement britannique, il me semble que le premier ministre devrait nous dire comment ce gouvernement pourra contourner l'Acte de l'Amérique du Nord britannique, lequel, ainsi que je l'ai dit hier soir, stipule clairement, à l'article 146:

"A la suite d'adresses des chambres du Parlement du Canada et des chambres de la législature de l'une ou l'autre des colonies ou provinces de Terre-Neuve, de l'Île du Prince-Édouard, . . . il sera loisible à la Reine, sur et suivant l'avis du conseil privé de Sa Majesté . . . "

Et ainsi de suite. Le premier ministre aurait-il l'obligeance de nous dire de quelle façon on rendra cette union légale, étant donné ce que prescrit l'Acte de l'Amérique du Nord britannique?

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[140]Du Bloc populaire.

[141]De la Fédération du commonwealth coopératif (CCF).

Mr. RAYMOND[140] (Beauharnois-Laprairie): Mr. Speaker, before I proceed with the observations I intend to offer to the house on this subject I should like to ask the Prime Minister a question. I should like to know whether the Statute of Westminster applies to Newfoundland.

Mr. ST. LAURENT: I should not like to be too positive about that. We are told by the Newfoundland delegation that it did not apply to Newfoundland inasmuch as it provided that it would come into force in any one of the dominions upon adoption by the parliament of that dominion, and the parliament or the then legislature of Newfoundland had not adopted it. But the terms of union provide that, if union is consummated, it will thereafter apply to the province of Newfoundland in the same way as it applies to the other provinces of Canada.

. . .

The Deputy Chairman: Shall the preamble carry?

Preamble agreed to.

The Deputy Chairman: We shall now deal with the terms of union.

Section [1] agreed to. Section 2 agreed to.

On section 3 — *Application of the British North America Acts.*

Mr. NICHOLSON[141]: Mr. Chairman, I was not satisfied with the Prime Minister's explanation regarding the application of the British North America Act. While strictly speaking this is a problem for the British government, I suggest the Prime Minister should give some indication as to how that government is going to overcome the British North America Act which, as I said last night, states very definitely in section 146 —

"It shall be lawful for the queen, by and with the advice of Her Majesty's most honourable privy council, on addresses from the houses of the parliament of Canada, and from the houses of the respective legislatures of the colonies or provinces of Newfoundland, Prince Edward Island — "

and so on. Would the Prime Minister indicate what is going to be done to make it legal for this union to take place, in view of the terms of the British North America Act?

[140]Of the Bloc populaire.

[141]Of the Cooperative Commonwealth Federation (CCF).

Le très hon. M. ST-LAURENT: Monsieur l'Orateur [président], je ne saurais ajouter à ce que j'ai déjà dit. Nos actions à cet égard ont été, en ce qui concerne le point de vue canadien, tout à fait conformes aux prescriptions de l'Acte de l'Amérique du Nord britannique. Les autorités responsables du gouvernement de Terre-Neuve sont, — et ce, depuis 1933, — le gouvernement du Royaume-Uni et la Commission du gouvernement.

L'honorable député veut savoir comment on s'y prendra pour surmonter la difficulté. On agira conformément au désir exprimé par la majorité des Terre-neuviens qui, lors d'un referendum, ont déclaré qu'ils voulaient s'unir au Canada et ne voulaient pas que leur soit restitué maintenant le gouvernement responsable. Comment cette mesure entrera-t-elle en vigueur? Elle entrera en vigueur en vertu d'une loi confirmatoire du parlement du Royaume-Uni, parlement qui a adopté l'Acte de l'Amérique du Nord britannique et qui, suivant les conditions de l'entente, doit donner force de loi à ces conditions avant qu'elles entrent en vigueur.

L'honorable député a demandé pourquoi on n'a pas suivi l'autre mode de procédure. C'est d'abord parce que cela n'aurait pas été possible sans le rétablissement du gouvernement responsable et que la majorité de la population s'était prononcée contre cette solution. C'est ensuite à cause des transformations constitutionnelles survenues depuis la Confédération et consacrées par le Statut de Westminster. Sa Majesté n'exerce plus la prérogative royale à l'égard des affaires canadiennes sur l'avis de son très honorable conseil privé à Londres, mais sur l'avis de ses ministres canadiens. C'eût été faire marche arrière que de demander que cette prérogative fût exercée à cette fin par Sa Majesté sur l'avis de ministres responsables envers les électeurs du Royaume-Uni plutôt que sur l'avis de ministres responsables envers les représentants élus de la population canadienne.

N'oublions pas que l'Acte de l'Amérique du Nord britannique a été adopté en 1867, il y aura bientôt 82 ans, et que les conditions qui régnaient alors au Canada, sa population, son parlement et son gouvernement n'étaient pas les mêmes qu'aujourd'hui. L'attitude que le député de Charlevoix-Saguenay a prise, cet après-midi, m'a plutôt étonné. La plupart des concitoyens de ma province tirent peut-être quelque satisfaction d'ordre sentimental des changements qui se sont opérés et du fait que la prérogative de Sa Majes-

Mr. ST. LAURENT: Mr. Chairman, I do not know that I can add to what I have said. We have acted here in full conformity with what was prescribed by the terms of the British North America Act with respect to the Canadian situation. The responsible authorities for the government of Newfoundland are, and have been since 1933, the government of the United Kingdom and the commission of government.

The hon. member wants to know how they are going to act to overcome that. They are going to act in accord with the expressed wishes of the majority of people of Newfoundland who, in referendum, stated they wished to have union with Canada and did not wish to have restored now their responsible government. How will that become effective? It will become effective by virtue of a confirmatory statute of the parliament of the United Kingdom, which is the parliament that passed the British North America Act and which, according to the terms of the agreement, is called upon to give legal effect to the terms of the agreement before they become effective.

The hon. gentleman asks why the other procedure was not resorted to. The other procedure was not resorted to, first, because it could not be resorted to without restoring responsible government, and the majority of the people had said that they did not want that done; and, secondly, because of the constitutional developments which have taken place since confederation and which are reflected in the terms of the Statute of Westminster. No longer does His Majesty exercise the royal prerogative in respect of Canadian affairs on the advice of his most honourable privy council in London; he exercises that prerogative in respect of Canadian affairs on the advice of his Canadian ministers. It would have been a retrograde step to ask that that prerogative be exercised for this purpose by His Majesty on the advice of ministers responsible to the electors of the United Kingdom and not on the advice of ministers responsible to the elected representatives of the Canadian people.

It must not be forgotten that the British North America Act was passed in 1867, almost eighty-two years ago, and that conditions in this country, its people, its parliament and its government are not the same today as they were then. I was surprised at the attitude expressed this afternoon by the hon. member for Charlevoix-Saguenay. Most of us from my province derive perhaps some sentimental satisfaction from the developments that have taken place and that have brought about the situation whereby the prerog-

té s'exerce maintenant sur l'avis des ministres responsables à ses sujets canadiens, mais le député de Charlevoix-Saguenay semble être un de ceux qui préfèrent rester en arrière et qui, en face de ces changements, refusent de se mettre au pas.

La situation exige qu'une loi soit adoptée par le Parlement du Royaume-Uni avant que les conditions de l'union entrent en vigueur. Si cette loi est adoptée, elle aura la même portée que la loi du parlement britannique confirmant l'accord conclu, — d'une façon qui n'était pas strictement conforme à l'Acte de l'Amérique du Nord britannique, — relativement à la remise des ressources naturelles aux provinces de la Saskatchewan, de l'Alberta et du Manitoba. Nous procédons de la même manière.

Il a été constaté que l'Acte de l'Amérique du Nord britannique n'établissait pas les rouages nécessaires à la remise de ces ressources aux provinces de l'Ouest. Afin de pouvoir effectuer pareille remise, pour répondre au désir des commettants du député et de tous les autres Canadiens qui jugeaient la chose équitable, un accord a été conclu en ce sens. Il a été prévu que l'accord n'entrerait en vigueur qu'après avoir été ratifié par le Parlement du Canada, ainsi que par l'Assemblée législative de la province du député, — pour autant que cette province fût intéressée, — et qu'après avoir été confirmé par un acte du Parlement du Royaume-Uni. Il fallait agir ainsi, car la procédure n'était pas strictement d'accord avec les termes de l'Acte de l'Amérique du Nord britannique.

Il s'agit ici d'un autre cas du même genre. La procédure n'est pas strictement conforme aux termes de l'Acte de l'Amérique du Nord britannique. Il s'agit de prendre une mesure prévue dans l'accord en question, mais on la prend dans des conditions différentes de celles qui existaient il y a 82 ans. On respecte autant que possible les exigences de l'Acte de l'Amérique du Nord britannique, mais afin de donner force de loi au projet, — on ne peut nier qu'il y ait apport d'un nouvel élément, — il faut une loi confirmative du Parlement du Royaume-Uni, celui-là même qui a originairement adopté l'Acte de l'Amérique du Nord britannique.

M. NICHOLSON: Le premier ministre, j'en ai l'assurance, développe un argument juridique bien fondé. Je tiens néanmoins à rappeler au comité qu'il s'agit d'une question très contestée à Terre-Neuve. Comme je l'ai fait savoir hier soir,

ative of His Majesty is now exercised on the advice of ministers responsible to his Canadian subjects, but the hon. member for Charlevoix-Saguenay seems to be one of those who have lagged behind, and he is not willing to keep pace with the developments that time has brought about.

The situation is that a statute will have to be passed by the parliament of the United Kingdom before these terms of union become effective. If that statute is passed it will have the same effect as had the statute of the parliament of the United Kingdom which confirmed the agreement made, in a manner not strictly in accord with the British North America Act, for the return to the province of Saskatchewan, to the province of Alberta and to the province of Manitoba of their natural resources. The procedure being followed here is the procedure that was followed there.

It was found that the British North America Act did not provide the proper machinery for the return of those resources to the western provinces. In order to get them back to the western provinces, as my hon. friend's constituents wanted, and as the rest of the people of Canada felt was fair, an agreement was made that they would be returned. It was provided that that agreement would not come into operation until it was ratified by the parliament of Canada, by the legislature of the province, as far as that province was concerned, and then confirmed by an act of the parliament of the United Kingdom. That was necessary because it was a procedure not strictly in accord with the terms of the British North America Act.

This is the same thing. This procedure is not strictly in accord with the terms of the British North America Act. It is to do something which the British North America Act contemplated, but it is being done under conditions which have changed over the eighty-two years. The requirements of the British North America Act, in so far as they can be complied with, are being complied with, but in order to give it the effect of law — no one can dispute that something is being added — there must be a confirming statute of the parliament of the United Kingdom, the same parliament that originally passed the British North America Act.

Mr. NICHOLSON: I am sure the Prime Minister is making a sound legal argument, but I should like to draw the attention of the committee again to the fact that this is a very controversial question in Newfoundland. As I mentioned

j'y ai passé une semaine en décembre. Durant ma courte existence, j'ai visité plusieurs pays, mais c'est la première fois que mon titre de Canadien me plaçait dans une position gênante et je me suis trouvé embarrassé en de très nombreuses occasions.

Les gens que j'ai rencontrés, je tiens à le préciser, ne se montraient pas acrimonieux parce qu'ils refusaient nettement de faire partie du Canada, mais bien plutôt parce qu'ils s'estimaient victimes d'une injustice. Ils jugeaient qu'à la longue, il aurait mieux valu faire un pas de plus, accorder le gouvernement responsable à Terre-Neuve, et charger ensuite les représentants élus du peuple, en conformité de l'Acte de l'Amérique du Nord britannique, de négocier avec les représentants élus du peuple canadien.

. . .

Il me semble qu'on n'aurait pas dû imposer aux habitants de cette partie importante de l'univers des conditions qui les privent pendant aussi longtemps de leurs droits démocratiques, parce qu'ils ont eu, au début des années 30, le malheur d'éprouver des difficultés financières. Nonobstant les dispositions de l'Acte de l'Amérique du Nord britannique, et même si 78,000 personnes ont approuvé l'union au Canada, il ne faut pas oublier que 71,000 ont déclaré qu'avant d'étudier les conditions de l'union, le gouvernement anglais devrait respecter ses engagements et fournir l'occasion aux Terre-neuviens de se choisir un gouvernement au cours d'une élection.

Je ne saurais insister davantage là-dessus, car je sais que juridiquement le premier ministre a bien raison de déclarer qu'il ne s'agit pas essentiellement d'un problème canadien. Mais je tiens à dire aux membres du comité que de notre vivant nous serons témoins de beaucoup d'amertume en raison de la méthode qu'on a suivie, non pas parce que les Terre-neuviens ne peuvent pas être heureux en faisant partie du Canada, mais parce que le gouvernement du Canada a approuvé la façon dont on a traité Terre-Neuve en la privant d'un gouvernement responsable pendant cette longue période et en terminant les négociations sans avoir fourni à ses propres représentants élus l'occasion de poursuivre les pourparlers en son nom.

L'hon. M. CLAXTON: Je ne veux pas répondre longuement au député de Mackenzie, car les points qu'il a soulevés ont déjà été réglés. Il déclare qu'on vient à l'encontre de la volonté du peuple. Dans ces circonstances, je le lui demande, serait-il mieux pour le Canada, dans l'intérêt de l'union et des Terre-neuviens, de venir à l'encontre de la volonté de la majorité, exprimée

last night, I spent a week there in December. I have been in a great many countries throughout my short lifetime and that was the first time I have ever been in an embarrassing position as a Canadian. I was embarrassed on a great many occasions.

I want to make it clear that the people I met, who were so bitter about the question, were not necessarily opposed to becoming part of Canada, but they felt that an injustice was being done. They felt that it would have been better in the long run to have taken the additional step of granting responsible government to Newfoundland and then having the elected representatives of the people carry out the terms of the British North America Act and negotiate with the elected representatives of the Canadian people.

. . .

It seems to me that the fact of having been in financial difficulties in those early thirties should not have been a situation which imposed a penalty which deprived the people of this important part of the world of their democratic rights for such a long period. Now, regardless of the terms of the British North America Act, notwithstanding that 78,000 voted in favour of union with Canada, we cannot overlook the fact that 71,000 registered their opinion that before we could proceed with the terms of union the commitment given by the British government should be fulfilled and the people should have a chance to go to the polls and elect their own government.

I cannot press this further, because I know that legally the Prime Minister is quite within his rights in saying this is not primarily a Canadian problem. But I should like to tell the members of this committee that during my lifetime we are going to have a great deal of bitterness because of the method that has been followed; not because the people of Newfoundland cannot be happy as a part of Canada, but because the government of Canada has approved the treatment that has been given to Newfoundland in depriving those people of responsible government for this long period and is completing negotiations without having given them a fair chance to have their own elected representatives carry on their negotiations for them.

Mr. CLAXTON: I do not want to reply at length to the hon. member for Mackenzie, because the points he raised have been covered already. But the hon. member speaks about thwarting the will of the people. I ask him whether in these circumstances it would be better for Canada, for the union and for the people of Newfoundland to thwart the will of the major-

dans un plébiscite, ou de celle de la minorité exprimée dans les mêmes circonstances?

M. NICHOLSON: [. . .]Je sais que le premier referendum n'a pas donné de majorité absolue; dans le deuxième, la majorité a été faible et j'ai entendu dire qu'on avait dépensé de fortes sommes d'argent, provenant du dehors, pour influencer la population.

M. CASE: Ce n'est là qu'un soupçon.

M. NICHOLSON: Cette accusation a été portée.

M. MACNICOL: Par qui?

M. NICHOLSON: Par la minorité, à qui, il me semble, on devrait fournir l'occasion de s'expliquer. Il est certain qu'il y a beaucoup de mécontentement à Terre-Neuve par suite de l'impression qu'on y a que des fonds de l'extérieur ont été utilisés en vue d'obtenir une majorité en faveur de la confédération. Qu'on le veuille ou non, les Canadiens seront tenus responsables du ressentiment actuel, qui persistera, j'en suis convaincu.

(L'article est adopté.)

Sur l'article 4 (représentation en parlement).

. . .

(Les articles 4, 5 et 6 sont adoptés.)

Sur l'article 7 (constitution de la province)

M. GREEN[142]: Ce paragraphe stipule que la constitution de Terre-Neuve sera remise en vigueur à compter de la date de l'union et continuera d'être la constitution de la province, et le reste. Le premier ministre peut-il nous dire de quelle manière on pourra modifier la constitution de Terre-Neuve après l'union?

Le très hon. M. ST-LAURENT: L'assemblée législative de Terre-Neuve pourra modifier la constitution de la province de Terre-Neuve en vertu du premier paragraphe de l'article 92 de l'Acte de l'Amérique du Nord britannique. Elle aura le droit, tout comme les autres provinces, de modifier sa constitution sous tous rapports, sauf en ce qui a trait au poste du lieutenant-gouverneur.

M. MACDONNELL[143] (Muskoka-Ontario): Comment se fait-il que le Parlement canadien ait le pouvoir de restaurer la constitution de Terre-Neuve? Sous la rubrique "Union," l'article 1 affirme que:

"A compter de l'entrée en vigueur des présentes clauses . . . Terre-Neuve fera partie du Canada et constituera l'une de ses provinces . . . "

[142]Du parti Progressiste conservateur.

[143]Du parti Progressiste conservateur.

ity, as expressed in a plebiscite, or to thwart the will of a minority as expressed in the same way.

Mr. NICHOLSON: [. . .]I know that in the first referendum there was not a clear majority. In the second referendum there was a small majority; but the charge is made that a large amount of money from outside Newfoundland was used to influence opinion.

Mr. CASE: That is just a suspicion.

Mr. NICHOLSON: It is a charge that has been made.

Mr. MACNICOL: By whom?

Mr. NICHOLSON: By those in the minority, who I think should be given a chance to prove their claim. Certainly there is a great deal of bitterness in Newfoundland because of the feeling that funds from outside that country were used in order to obtain a majority decision in favour of confederation. Whether we like it or not, Canadians are going to be held responsible for the bitterness that now exists and will continue to exist.

Section agreed to.

On section 4 — *Representation in parliament.*

. . .

Sections 4, 5 and 6 agreed to.

On section 7 — *Provincial constitution.*

Mr. GREEN[142]: This paragraph provides that the constitution of Newfoundland is revived at the date of union and shall continue as the constitution of the province, and so on. Can the Prime Minister tell us how the constitution of Newfoundland will be amended once this union takes place?

Mr. ST. LAURENT: The constitution of the province of Newfoundland will be subject to amendment by the legislature of Newfoundland under the first subsection of section 92 of the British North America Act. They will have the right to amend their constitution in every respect save in respect of the office of lieutenant governor, just as every other Canadian province has that right.

Mr. MACDONNELL[143] (Muskoka-Ontario): How is it the parliament of Canada has power to revive the constitution of Newfoundland? In section 1, under the heading "Union," I read:

"On, from, and after the coming into force of these terms . . . Newfoundland shall form part of Canada and shall be a province thereof — "

[142]Of the Progressive Conservative Party.

[143]Of the Progressive Conservative Party.

A son entrée, Terre-Neuve n'a-t-elle pas de constitution? En reçoit-elle une par la suite? Comment se fait-il que le parlement canadien, et non celui de Westminster, restaure la constitution à laquelle, sauf erreur, on a dérogé, ou quelle que soit l'expression qui convient, en vertu de l'autorité de l'autre Parlement?

Le très hon. M. ST-LAURENT: Si un statut du Parlement du Royaume-Uni n'allait pas confirmer ces dispositions, le Parlement canadien ne pourrait restaurer la constitution de Terre-Neuve. Seul le Parlement du Royaume-Uni peut la rétablir. Mais une des conditions prévoit que l'entente n'entrera pas en vigueur ni n'aura d'effet juridique tant qu'elle ne sera pas confirmée par une loi du Parlement du Royaume-Uni.

Les délégués de Terre-Neuve et leurs conseillers juridiques ont déclaré avec instance qu'ils ne voulaient pas que la province de Terre-Neuve obtienne une nouvelle constitution en s'unissant au Canada. Ils ont voulu être sur le même pied que les provinces de la Nouvelle-Écosse et du Nouveau-Brunswick qui avaient des constitutions avant l'union et qui ont conservé tous les pouvoirs prévus dans ces constitutions, sauf ceux qui étaient attribués à l'autorité centrale. Voilà pourquoi le doyen de l'école de droit a insisté pour que la constitution redevint en vigueur un instant avant que l'union soit consommée. Elle ne redeviendra en vigueur que parce que le Royaume-Uni aura adopté une loi faisant droit à cette requête.

M. MACDONNELL (Muskoka-Ontario): Je ne comprends pas encore pourquoi cette disposition est insérée ici. A-t-elle un effet quelconque? Si je comprends bien le premier ministre, elle n'aurait pas d'effet à moins que le Parlement de Westminster n'adopte une loi. Quel est l'effet de la disposition mentionnée ici?

Le très hon. M. ST-LAURENT: Aucune de ces dispositions n'aura d'effet à moins que le Parlement du Royaume-Uni n'adopte une loi. Le Parlement du Royaume-Uni est présentement le corps législatif qui a juridiction et autorité sur Terre-Neuve. Le mariage exige le consentement des deux conjoints. De même, les conditions de l'union doivent être acceptées à la fois par le Canada et par ceux qui sont autorisés et disposés à donner leur consentement au nom de l'autre partie contractante.

(L'article est adopté.)

At that stage, when Newfoundland comes in, does it have no constitution? Does it receive its constitution after that? How is it that we, the parliament of Canada, and not the parliament at Westminster, are to revive the constitution which, as I understand it, was derogated from, or whatever the proper expression may be, under the authority of that other parliament?

Mr. ST. LAURENT: If this were not to be confirmed by a statute of the parliament of the United Kingdom the revival of the constitution of Newfoundland could not be done by the parliament of Canada; it would have to be done by the parliament of the United Kingdom. But it is one of the conditions of this agreement that it does not come into effect or have legal effect until confirmed by an act of the parliament of the United Kingdom.

The delegation from Newfoundland and its law officers insisted that they did not want the province of Newfoundland to get a new constitution out of the union. They wanted to be in the position of the provinces of Nova Scotia and New Brunswick, which had constitutions before union and retained all the powers of their constitutions, except those given to the central authority. It was for that reason that the dean of the law school was insistent upon having the constitution revived an instant before union becomes effective. It will be revived only because there will have been enacted an act by the United Kingdom agreeing to this.

Mr. MACDONNELL (Muskoka-Ontario): I am still not clear as to why this clause is in here at all. Has it any effect? As I understand the Prime Minister, this would have no effect unless there was an act passed by the parliament at Westminster. What effect has this clause in here?

Mr. ST. LAURENT: None of these clauses would have any effect except by virtue of an act passed by the parliament of the United Kingdom. The parliament of the United Kingdom is, at the present time, the legislative body having jurisdiction and authority over Newfoundland. You cannot have a marriage merely with the consent of the groom. You have to have the bride agreeing thereto as well. These terms of union have to be agreed to by Canada and they also have to be agreed to by those who are competent and willing to give consent for the other contracting party.

Section agreed to.

Les articles 8 à 16 inclusivement sont adoptés.

Sur l'article 17 (enseignement).

M. FULTON[144]: Le premier ministre nous dirait-il pourquoi il est nécessaire d'adopter une disposition spéciale à l'égard de l'enseignement à Terre-Neuve? Ne suffirait-il pas de rendre applicable à l'île l'article 93 de l'Acte de l'Amérique du Nord britannique?

Le très hon. M. ST-LAURENT: Au chapitre de l'enseignement, nous nous trouvions en face d'une situation différente de celle qui existait au moment de la création des deux nouvelles provinces de l'Alberta et de la Saskatchewan. Le Parlement avait alors la haute main sur l'enseignement dans ces territoires. Il pouvait s'engager à renoncer à son autorité dans ce domaine, sous réserve de certaines garanties relativement aux droits des minorités. Nous avons dit aux délégués de Terre-Neuve que leur système d'enseignement échappait à notre surveillance. L'autorité possédant la compétence législative à ce moment-là pouvait, cependant, prendre toutes les mesures qu'elle voulait relativement à l'enseignement. Nous leur avons dit aussi que nous n'avions pas le droit d'exiger que la constitution comporte une garantie écrite, parce qu'ils ont l'autorité complète eux-mêmes, mais s'ils croyaient que pour satisfaire leur gens il était préférable d'inscrire une garantie dans la constitution, nous ne pouvions nous y opposer. Nous avons longtemps débattu le pour et le contre de cette question.

L'honorable député n'ignore pas qu'en vertu de l'article 93 de l'Acte de l'Amérique du Nord britannique, les droits des minorités sont sanctionnés par l'appel au gouverneur en conseil et par l'adoption par le parlement fédéral de mesures législatives réparatrices. L'honorable député sait à quelles difficultés ont donné lieu les appels interjetés en vertu de cet article et les tentatives d'adopter des mesures législatives réparatrices, il y a environ quarante ans. La délégation de Terre-Neuve a cru qu'il vaudrait mieux rédiger ainsi la clause relative à la garantie afin que l'assemblée législative ait pleine autorité en matière d'instruction publique, mais qu'elle n'ait pas compétence dans ce qui pourrait empiéter sur les droits des minorités, car cela serait un déni d'autorité.

Si l'on tentait d'agir ainsi, il faudrait recourir aux tribunaux. Ils verront si ce qu'on a fait est contraire aux garanties contenues dans cette clause. Si les tribunaux constatent que l'acte

[144]Du parti Progressiste conservateur.

Sections 8 to 16 inclusive agreed to.

On section 17 — *Education*.

Mr. FULTON[144]: I wonder if the Prime Minister would be good enough to explain why it is necessary to make a special provision for education in Newfoundland, and why section 93 of the British North America Act is not sufficient to cover the case if it were made applicable.

Mr. ST. LAURENT: With respect to education, the situation was different from that which existed at the time of the creation of the two new provinces of Alberta and Saskatchewan. At that time, this parliament had control over education in those territories. It could reasonably stipulate it would part with that control, subject only to certain guarantees of the rights of minorities. The delegates from Newfoundland were told we had no control over their educational system at the present time. The authority having legislative jurisdiction at that time, however, could make any provision it wished to make with respect to education. We also told them we had no right to insist upon any guarantee being written into the constitution because they have complete jurisdiction themselves; but if, for the satisfaction of their own people, they felt it was preferable to have a guarantee written into the constitution, we could not object. The matter was discussed back and forth for quite a long time.

The hon. member knows that the sanction of the rights of minorities under section 93 of the British North America Act is an appeal to the governor in council and the enactment by this parliament of remedial legislation. The hon. member knows what difficulties arose out of appeals under that section and out of the attempt to pass remedial legislation some forty years ago. It was felt by the delegation from Newfoundland that it would be more effective to have the clause concerning guarantees drawn in this way so that the legislature would have complete control over education but would not have jurisdiction to do things that would impinge upon the rights of minorities. To do those things would be a denial of jurisdiction.

If an attempt were made to do those things, the recourse is to the courts of law. The courts of law will examine whether or not the thing that is being done is contrary to the guarantee written

[144]Of the Progressive Conservative Party.

posé vient à l'encontre de ces garanties, ils le déclareront nul et inconstitutionnel. Nous avons estimé que cela constituerait une sauvegarde plus efficace qu'un appel au gouverneur en conseil et qu'une requête priant le parlement central d'adopter une loi réparatrice.

M. FULTON: J'imagine alors qu'il est possible de résumer l'effet de cet article en disant qu'il tend à maintenir en permanence le *statu quo* à Terre-Neuve et qu'il prescrit, au lieu d'un appel au gouverneur en conseil en cas de violation et d'intervention de la part du Parlement, un appel auprès de la Cour suprême du Canada.

Le très hon. M. ST-LAURENT: L'appel en dernier ressort se ferait auprès de la Cour suprême du Canada. Tout d'abord, l'appel serait adressé aux tribunaux provinciaux ordinaires, mais, en dernier ressort, on pourrait en appeler auprès de la Cour suprême du Canada.

L'honorable député déclare que l'effet de cette disposition est de préserver à jamais le *statu quo*, mais cela est subordonné à certaines modifications. Je crois savoir que ce sont des écoles confessionnelles qui existent à Terre-Neuve, mais dans la pratique actuelle diverses confessions peuvent se réunir pour former un district scolaire. Le droit d'agir ainsi se trouve maintenu. De plus, l'assemblée législative est revêtue du droit d'établir des écoles autres que celles qui existent présentement, mais il est stipulé que si l'on en établit effectivement on ne doit faire aucune distinction préjudiciable aux écoles confessionnelles des districts. Tel a été le désir des délégués de Terre-Neuve, et, ainsi que l'a dit l'honorable député, le recours devait consister en un droit d'appel aux tribunaux, plutôt qu'à un organisme politique.

. . .

(L'article est adopté.)

Sur l'article 18 (prorogation des lois).

M. CRUICKSHANK[145]: Dois-je comprendre que toute loi adoptée ici liera les gens de Terre-Neuve ou pourra-t-on interjeter appel ou les abolir comme l'a fait la Cour suprême à l'égard de la margarine après soixante-sept ans?

Le très hon. M. ST-LAURENT: Les mots dont se sert l'honorable député n'indiquent pas précisément ce qu'a fait la Cour suprême. Celle-ci n'a pas aboli la loi, mais elle a statué que ceux qui l'avaient adoptée n'avaient pas le droit de le faire et que, par conséquent, elle n'avait jamais eu la moindre validité.

[145]Du parti Libéral.

into this clause. If it is found by the courts of law to be contrary, the courts of law declare it to be void and unconstitutional. It was felt that would be a more effective safeguard than appeal to the governor in council and a request to the central parliament to pass remedial legislation.

Mr. FULTON: I take it, then, one might summarize the effect of this section by saying it has the effect of preserving permanently the *status quo* in Newfoundland and providing, instead of an appeal to the governor in council against infringement and action by parliament, an appeal to the bench of the Supreme Court of Canada.

Mr. ST. LAURENT: The ultimate appeal would be to the Supreme Court of Canada. It would be an appeal to the ordinary provincial courts in the first instance, but ultimately there could be an appeal to the Supreme Court of Canada.

The hon. member says the effect is to fix the *status quo* for all time, but that is subject to some modification. I understand the schools in Newfoundland are denominational schools, but under the present practice different denominations can amalgamate for a school district. The right to do that is preserved. Moreover, there is a right in the legislature to set up other schools than those which exist at the present time, but it is provided that if they do set up other schools they must not discriminate against the denominational schools in the districts. Such was the desire of the delegates from Newfoundland; and, as the hon. member has indicated, the sanction was to be an appeal to the courts, not an appeal to a political body.

. . .

Section agreed to.

On section 18 — *Continuation of laws.*

Mr. CRUICKSHANK[145]: Am I to understand that any laws enacted here will be binding, or can they be appealed and abolished as was done in the case of oleomargarine by the supreme court after sixty-seven years?

Mr. ST. LAURENT: The hon. member uses language which does not perhaps accurately describe what the supreme court did. The supreme court did not abolish the law. The supreme court decided that those who passed the law had no right to do so and that it had never been any good.

[145]Of the Liberal Party.

M. CRUICKSHANK: Et ma question? Le premier ministre m'assure-t-il que cette loi est bonne et ne peut être abolie?

Le très hon. M. ST-LAURENT: Autant que je sache, et autant que peuvent en juger les juristes qui accompagnaient les deux délégations, elle est valide. Il s'agit de quelque chose qui tombe sous leur compétence. Je ne puis aller plus loin. L'honorable député sait que ce n'est pas seulement en ce qui concerne la margarine que les tribunaux ont statué au bout d'un temps très long que ce qui passait pour une loi valide ne l'était pas. Il se souvient peut-être du sort de la loi dite loi Lemieux visant les conflits industriels, qui était en vigueur depuis plusieurs années et que le public jugeait satisfaisante. Or, un beau jour, le Conseil privé a décidé que ceux qui l'avaient adoptée avaient outrepassé leur compétence et que ladite loi n'atteignait personne.

M. TIMMINS[146]: Le premier ministre fera-t-il une courte déclaration au sujet du sens à donner à cet article, eu égard au paragraphe suivant:

"(1) Sous réserve des présentes clauses, toutes les lois en vigueur à la date de l'Union ou immédiatement avant ladite date y subsisteront comme si l'Union n'avait pas eu lieu . . .

(2) Les lois du Parlement du Canada en vigueur à la date de l'Union, ou toute partie de ces lois, deviendront exécutoires dans la Province de Terre-Neuve le jour ou les jours que fixera . . . "

Cela veut dire, j'imagine, que le droit criminel du Canada entrera probablement en vigueur aussitôt après l'adoption de l'acte d'union. J'aimerais savoir si le droit criminel du Canada remplacera immédiatement celui de Terre-Neuve, quelle sera enfin la situation.

Le très hon. M. ST-LAURENT: Non, monsieur le président. Nous avons inséré cette disposition précisément afin que le droit criminel, entre autres, n'entre pas immédiatement en vigueur parce que, nous a-t-on dit, l'application immédiate du droit criminel du Canada causerait des embarras tant qu'on n'aurait pas établi le rouage nécessaire à cette fin, et qu'en conséquence il serait préférable d'insérer dans les conditions de l'union une disposition stipulant que les lois générales du Canada pourront devenir exécutoires dans la province, de temps à autres, à mesure que les rouages nécessaires à leur application auront été établis. En attendant, les lois en vigueur au moment de l'union continueront de l'être.

[146]Du parti Progressiste conservateur.

Mr. CRUICKSHANK: What about my question? Am I assured by the Prime Minister that this law is good and that they cannot abolish it?

Mr. ST. LAURENT: To the best of my knowledge, and to the best of the knowledge of the legal experts who were accompanying both delegations, it is good. It is something within their jurisdiction. Beyond that I cannot go. The hon. member knows that it is not only with respect to oleomargarine that the courts have found that after a long period something that was looked upon as valid law was not so. Perhaps he remembers what happened to the so-called Lemieux act dealing with industrial disputes. It had been applied for a good many years in a manner which the Canadian public thought was satisfactory, and all at once the privy council said that those who passed that law went beyond their jurisdiction and it was not binding on anybody.

Mr. TIMMINS[146]: Will the Prime Minister make a short statement in respect to the meaning of this particular section, having regard to the following subsection:

"(1) Subject to these terms, all laws enforced in Newfoundland at or immediately prior to the date of union shall continue therein as if the union had not been made . . .

(2) Statutes of the parliament of Canada in force at the date of union, or any part thereof, shall come into force in the province of Newfoundland on a day or days to be fixed . . . "

I presume that means that the criminal law of Canada will probably come into force immediately after the passing of the act of union. I should like to know whether the criminal law of Canada will immediately supersede the criminal law of Newfoundland, or just what the situation is to be.

Mr. ST. LAURENT: No, Mr. Chairman. This section was drawn precisely for the purpose of not having the criminal law, among others, come into force immediately, because we were informed that it would be embarrassing to administer the criminal law of Canada until arrangements had been made to provide the proper machinery, and that therefore it would be preferable to have a provision that these general laws of Canada could from time to time be put into force in the province as machinery to administer them had been previously provided; and that pending that time the laws in force at the time of union would continue.

[146]Of the Progressive Conservative Party.

Dans Québec, nous avons actuellement un code civil qui est en vigueur depuis 1866. On y trouve des dispositions que le Parlement du Canada aurait le pouvoir de modifier ou d'abroger, mais il n'a pas encore jugé à propos de le faire. L'assemblée législative de Québec n'aurait pas le droit d'adopter des mesures législatives de ce genre, mais ces dispositions s'appliqueront en tant que partie des mesures législatives du Québec, tant que le Parlement ne jugera pas à propos de s'occuper de la question. Il en sera ainsi dans le cas de Terre-Neuve. Il y a là-bas un certain nombre de lois qui continueront de s'appliquer tant qu'il ne sera pas déclaré, en vertu d'une proclamation, que les lois actuelles du Dominion en la matière supplanteront celles qui existent dans la province. Bien entendu, nous n'avons pas l'intention de retarder ce procédé bien longtemps. Nous nous proposons uniquement d'en faire une mesure transitoire visant à mettre progressivement en vigueur les lois canadiennes dans des conditions qui ne se révéleront pas embarrassantes. C'est peut-être en raison de la présence, au sein de la députation, d'éminents avocats diplômés de Toronto et de Dalhousie qu'on a songé très sérieusement à insérer un article de ce genre. Ils nous ont fait valoir qu'il serait embarrassant pour eux, dans l'administration de la justice criminelle, de passer brusquement du droit coutumier au code, qu'ils ne se donneraient pas la peine d'apprendre notre code et notre procédure, tant qu'ils n'auront pas la certitude qu'ils devront les appliquer, qu'il leur faudrait un peu de temps, une fois assurés que l'union se réaliserait, pour se mettre en mesure d'appliquer comme il convient les dispositions du Code criminel du Canada.

M. HACKETT[147]: Le premier ministre veut-il dire dans quelle mesure les jugements de la Cour suprême du Canada et du Conseil privé, en tant qu'ils intéressent les relations entre les provinces et le dominion, trouveront leur application dans les nouvelles relations qui sont sur le point de s'établir entre Terre-Neuve et le Canada?

Le très hon. M. ST-LAURENT: Tout ce que je puis répondre, c'est que les délégués, de part et d'autre, ont pris pour acquis que la constitution canadienne, telle qu'elle s'applique aux autres provinces, s'appliquerait à Terre-Neuve après l'union.

M. HACKETT: Existe-t-il un acte législatif en ce sens? J'espère que le premier ministre ne me trouvera pas trop curieux si je lui demande sur quoi repose cette déclaration.

[147]Du parti Progressiste conservateur.

In Quebec at the present time there is a civil code which came into force in 1866, and which contains provisions that the parliament of Canada would have the right to amend or repeal. But it has not yet been seen fit to do that. The legislature of Quebec would not have the right to enact that kind of legislation, but it does apply as a part of the legislation of Quebec until such time as parliament sees fit to deal with it. It will be the same with respect to Newfoundland. They have a certain body of laws which will continue to be applied until by proclamation it is stated that the present laws of the dominion in that regard will be substituted for those that exist in the province. Of course it is not intended that it will take very long. It is intended to be merely a transitional measure to bring progressively into force those Canadian laws under conditions which will not prove to be embarrassing; and it is perhaps because there were on the delegation those distinguished lawyers, graduates of Toronto and Dalhousie, that a section such as this was very carefully considered. We were told that it would be embarrassing to them in the administration of criminal justice to jump right away from a common law system to the code; that they were not going to take the trouble of learning our code and our procedure until they were sure that they were going to have to apply it; and that it would take them some little time after they became sure that the union was going to be realized to put themselves in a position properly to administer the provisions of the Criminal Code of Canada.

Mr. HACKETT[147]: Will the Prime Minister say to what extent the judgments of the Supreme Court of Canada and of the privy council, in so far as they bear upon the relationship between the provinces and the dominion, would find application to the new relationship about to be established between Newfoundland and the dominion?

Mr. ST. LAURENT: The only answer I can make is that it was assumed by delegates on both sides that the Canadian constitution as it applies in fact to the other Canadian provinces would apply to Newfoundland after the union.

Mr. HACKETT: Is there any enactment to that effect? Is there anything that would warrant that statement? — and I hope the Prime Minister will not think I am unduly inquisitive.

[147]Of the Progressive Conservative Party.

Le très hon. M. ST-LAURENT: Nous avons jugé que l'article 3 aurait cet effet. Ensuite, comme le Statut de Westminster ne fait pas partie des Actes de l'Amérique du Nord britannique et que les décisions rendues à l'égard du Statut de Westminster n'ont aucun effet sur les Actes de l'Amérique du Nord britannique, et vice versa, nous avons jugé qu'il fallait une déclaration spéciale quant à la façon dont le Statut de Westminster s'appliquerait à Terre-Neuve. Tel est l'objet de l'article 48. A compter de la date de l'union, le Statut de Westminster s'appliquera à Terre-Neuve comme il s'applique aux autres provinces du Canada.

On a cru que grâce à l'article 3, qui a trait aux Actes de l'Amérique du Nord britannique, ce qui embrasse non seulement les Actes de l'Amérique du Nord britannique mais l'interprétation que les tribunaux leur ont donnée, et grâce à l'article 48, qui y ajoute le Statut de Westminster, la nouvelle province aurait exactement le même statut que les autres provinces canadiennes.

M. JAENICKE: Le premier ministre peut-il nous dire s'il existe une loi de divorce à Terre-Neuve?

Le très hon. M. ST. LAURENT: Il n'y a pas de loi de divorce là-bas. On nous a informés que trois personnes, je crois, se disaient divorcées du fait qu'elles étaient allées demeurer ailleurs et y avaient obtenu le divorce. Il semble cependant qu'il y ait doute sur la question de savoir si ces divorces doivent être reconnus. Il s'agit évidemment d'établir si ces personnes ont effectivement changé de domicile avant que le divorce leur soit accordé.

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(L'article est adopté.)

Les articles 20 et 21 sont adoptés.

Sur l'article 22 (pêcheries).

M. KNOWLES[148]: Le ministre des Pêcheries voudrait-il commenter les articles qui ont trait à la pêche? C'est l'un des sujets relatifs à l'entrée de Terre-Neuve dans la Confédération sur lesquels je me suis renseigné; il m'a fort intéressé pour ne pas dire intrigué. Les documents que j'ai lus semblent indiquer que les dispositions législatives de Terre-Neuve relativement à la vente du poisson l'emportent sur les nôtres. Je comprends que Terre-Neuve aura le droit de maintenir ses lois à cet égard en vigueur pendant cinq autres années. Le ministère des Pêcheries et le Gouver-

[148]De la Fédération du commonwealth coopératif (CCF).

Mr. ST. LAURENT: It was felt that section 3 would have that effect. And then, as the Statute of Westminster is not one of the British North America Acts, and the decisions which may be given with respect to the Statute of Westminster do not affect the British North America Acts, and *vice versa*, it was felt there should be a special declaration as to the manner in which the Statute of Westminster would apply to Newfoundland. That was provided in section 48. From and after the date of union it will apply to the province of Newfoundland as it applies to the other provinces of Canada.

It was felt that having section 3, which refers to the British North America Acts, that included not only British North America Acts but those acts as the courts have construed them to be; and that section 48, adding to it the Statute of Westminster, would give the new province exactly the same status as the other Canadian provinces.

Mr. JAENICKE: Will the Prime Minister tell us whether Newfoundland has a divorce law?

Mr. ST. LAURENT: Newfoundland has no divorce law; and we were informed that there were, I believe, three persons who claimed to be divorced because they had gone to other jurisdictions and there obtained decrees. But there seemed to be some doubt as to whether those divorces were divorces which should be recognized. And of course that would depend upon whether there had been really a change of domicile before the divorce decrees were granted.

. . .

Section agreed to.

Sections 20 and 21 agreed to.

On section 22 — *Fisheries*.

Mr. KNOWLES[148]: I wonder if the Minister of Fisheries would make some comment on the sections having to do with fisheries? This is one of the subjects connected with the coming into confederation of Newfoundland about which I have been reading and I have found it rather interesting, in fact almost intriguing. Such documents as I have read would seem to suggest that Newfoundland may be ahead of Canada in her legislative provisions for the marketing of fish. I understand that Newfoundland is to have the right to continue for another five years the arrange-

[148]Of the Cooperative Commonwealth Federation (CCF).

nement en général étudieront-ils les méthodes en honneur à Terre-Neuve en envisageant la possibilité de modifier les lois du Canada, si on trouve ses méthodes meilleures que les nôtres?

L'hon. M. MAYHEW: Je ne sais si vous êtes disposés à dire qu'il est onze heures, mais il me faudrait plus de cinq minutes pour répondre à cette question convenablement.

Le très hon. M. ST-LAURENT: Si les explications ne peuvent être terminées d'ici onze heures, il serait préférable du point de vue des députés, je crois, que le comité lève la séance, fasse rapport de l'état de la question et demande la permission de siéger de nouveau.

(L'article est réservé.)

Rapport est fait de l'état de la question.

. . .

ments that she now has. May I inquire whether the Department of Fisheries and the government generally will be considering the methods employed in Newfoundland with the possibility, should it be found that theirs are better than ours, of changing the Canadian laws?

Mr. MAYHEW: I do not know whether you wish to call it eleven o'clock, but it will take longer than five minutes for me to give an adequate answer.

Mr. ST. LAURENT: Perhaps if the explanation will extend beyond eleven o'clock it might suit the convenience of hon. members if I moved that the committee rise, report progress and ask leave to sit again.

Section stands.

Progress reported.

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863.

Extraits des débats de la Chambre des Communes[149]

Extracts from Debates of the House of Commons[149]

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TERRE-NEUVE

APPROBATION DES CONDITIONS DE L'UNION AVEC LE CANADA

La Chambre en comité sous la présidence de M. Golding, reprend l'examen, interrompu le mardi 8 février, du bill nº 11 ayant pour objet d'approuver les conditions de l'union de Terre-Neuve et du Canada.

Sur l'article 22 (pêcheries).

. . .

L'hon. M. MAYHEW: Monsieur le président, je ne répondrai pas pour le moment au député de Cap-Breton-Sud. Je répondrai plutôt à la question que m'a posée hier soir le député de Winnipeg-Nord-Centre. Je suis très heureux de l'occasion de dire quelques mots au sujet des pêcheries de Terre-Neuve.

Comme on sait, l'industrie de la pêche est la plus ancienne de l'île, mais, c'est aussi, et de beaucoup, la plus importante. Elle l'est, non pas

. . .

NEWFOUNDLAND

APPROVAL OF TERMS OF UNION WITH CANADA

The house resumed from Tuesday, February 8, consideration in committee of Bill No. 11, to approve the terms of union of Newfoundland with Canada — Mr. St. Laurent — Mr. Golding in the chair.

On section 22 — *Fisheries.*

. . .

Mr. MAYHEW: Mr. Chairman, I shall not at this time attempt to answer the hon. member for Cape Breton South, but I shall start out by answering the question that was put to me last night by the hon. member for Winnipeg North Centre. I am pleased indeed to have an opportunity to speak briefly about the Newfoundland fisheries.

As all hon. members well know, the fishing industry is the oldest industry on the island. But it is more than that; it is by far the most important

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[149] Canada, Chambre des Communes, *Débats*, 1949, volume 1, pp. 408-12, 417-28. Ce débat a eu lieu le 9 février.

[149] Canada, House of Commons, *Debates*, 1949, Volume 1, pp. 394-8, 403-13. This debate took place on February 9.

nécessairement à cause de ce qu'elle rapporte chaque année en dollars, mais à cause du nombre de personnes qui s'y livrent, directement ou indirectement, et de l'influence singulière qu'elle a exercée sur l'économie de Terre-Neuve et même sur le caractère de ses habitants.

Le député de Winnipeg-Nord-Centre a tout à fait raison de dire que le Canada pourrait mettre à profit les connaissances et l'expérience des Terre-neuviens en matière de pêche, et que nos rapports avec les pêcheurs, les travailleurs aux quais et les gérants de cette industrie nous seront fort précieux.

Je tiens à rendre hommage à la magnifique population de Terre-Neuve. Les pêcheurs terre-neuviens descendent d'intrépides ancêtres et, par leur courage et leur esprit d'entreprise, ils ont créé une vénérable tradition de la vie en mer. De génération en génération, ils ont accepté sans se plaindre les risques que comporte cette existence. Dans de très petits navires, ils ont lutté contre les éléments; ils ont exercé leur périlleux métier longtemps avant l'avènement du vapeur et d'autres récents progrès et moyens de protection. En dépit des nombreux obstacles qu'ils ont eu à surmonter, ils ont réussi à vendre leurs produits sur les marchés du monde. Et cela, non seulement à cause de leur esprit d'entreprise et de leur courage, mais aussi grâce à leur habileté dans l'apprêtage du poisson et à la qualité de leurs produits.

Quand on compare l'histoire d'Ontario et de Québec à celle de Terre-Neuve, on se rend compte du grand rôle que joue la pêche dans les traditions de l'île. A l'intérieur du Canada, nos ancêtres ont défriché, labouré et cultivé la terre et récolté les moissons. La culture du sol est devenue l'armature de notre économie et l'élément déterminant de notre évolution sociale.

La même chose exactement s'est produite à Terre-Neuve. Mais là, la mer a remplacé la terre. Les récoltes de la mer ont constitué la base de l'existence des Terre-neuviens. La mer a façonné le caractère et l'économie de ce peuple.

La pêche est l'industrie qui a soutenu Terre-Neuve. C'est le rude pêcheur qui a fourni à l'île, dès le début, sa première ligne de défense. Ce sont eux les véritables Terre-neuviens; ils feront de bons Canadiens. Soyons fiers d'accueillir ces compatriotes.

. . .

industry. It is the most important, not necessarily because of the annual dollar value of its products but because of the number of people engaged in it directly and indirectly and because of the unique way in which it has affected the whole economy of Newfoundland and even the character of the Newfoundland people.

The hon. member for Winnipeg North Centre was quite right when he suggested that we in Canada might profit from the knowledge and experience of the Newfoundland fishing industry. To my mind, we stand to gain a great deal by coming into association with Newfoundland fishermen, shore workers and management in that industry.

I should like to pay a tribute to these magnificent people of Newfoundland. The Newfoundland fishermen come from a hardy race of men and by their courage and resourcefulness they have built up a long and honourable tradition of life on the sea. From generation to generation they have faced without question the challenge and the hazards of the sea; they have gone out in very small boats and battled the elements; they plied their perilous trade long before the advent of steam and other modern improvements and safeguards. In spite of the many obstacles they have had to overcome — and have overcome — they have forced their way into the markets of the world. They have succeeded, not only because of their initiative and courage but also because of their skill in the methods of processing and because of their attention to the quality of their products.

A comparison of the history of Ontario and Quebec and the history of Newfoundland would perhaps emphasize the contribution that fisheries has made to the heritage of the island. Here in the interior of Canada our forefathers cut down the forests, plowed and cultivated the land and reaped the harvests. Farming became the very backbone of our economy and was the determining factor in our social evolution.

Exactly the same thing occurred in Newfoundland, except that the sea took the place of the land. The harvests of the sea formed the substance of life for Newfoundlanders, and the life of the sea has left its impact on the character and the economy of the people.

The fishing industry is the one industry that has held Newfoundland together over the years. The sturdy fishermen have provided the island with the first line of defence from the very beginning. They are the real Newfoundlanders, and will make real Canadians. We should be proud to welcome these fellow Canadians.

. . .

Avant de répondre à l'honorable député de Cap-Breton-Sud [M. Gillis], j'aimerais expliquer brièvement les méthodes employées par le comité des pêcheries pour exécuter sa part du programme tendant à la réalisation de l'union. Le comité était d'avis que, chaque fois qu'on aborde l'étude des pêches, on s'attaque à un véritable centre nerveux de l'économie des deux pays. Il fallait que tous deux, chacun de son côté, y mettent de la bonne volonté. Quand le comité a été constitué, j'ai convoqué les membres dans mon bureau. M. Walsh était président du comité. Lui et ses collègues se sont rendus au bureau où, de concert avec les chefs de services, nous avons examiné les problèmes qui se posaient. J'ai tout d'abord conseillé à tous les intéressés de ne pas agir en maquignons. Je savais qu'ils s'étaient rendus sur les lieux en vue de négocier une entente qui pût se révéler satisfaisante non seulement dans l'avenir immédiat mais pendant de longues années. Je les ai donc priés de nous reconnaître les mêmes sentiments. Je puis maintenant vous assurer que c'est dans cet état d'esprit que nous nous sommes attaqués au problème.

Au début, j'ai rappelé que l'un des problèmes, — d'ailleurs nous le savions tous, — nous causerait des difficultés; il s'agissait du Conseil des pêcheries, appelé NAFEL.[149a] J'ai alors signalé qu'ayant déjà fendu du bois, j'ai constaté la grande utilité d'un coin quand il y a un noeud: le bois se fend alors assez bien. C'est précisément ce que nous avons fait. Nous avons immédiatement entrepris l'examen des questions hérissées de difficultés.

Ayant, pendant deux ou trois heures, échangé des avis sur cette question, nous avons eu recours aux mémoires. On nous a communiqué une liste de questions auxquelles les délégués désiraient une réponse. Nous y avons donc répondu et nous avons discuté nos réponses au cours d'une autre réunion. Après plusieurs séances et des éliminations successives, nous avons fini par dresser une liste d'accords que l'on trouvera dans cette brochure[150] dont, je crois, les députés possèdent tous un exemplaire. Ils trouveront les questions à la page 8. Telles sont les questions que, au bout du compte, nous avons pu soumettre à un comité du cabinet et que, enfin, nous avons pu faire approuver. Elles ont enfin été publiées dans la brochure que nous avons sous les yeux. Je voudrais vous

Before answering the hon. member for Cape Breton South (Mr. Gillis), I should like for a minute to give a brief outline of the method by which the fisheries committee proceeded with its part of the program of bringing about union. It was felt that any time you tackled the fishing industry you were tackling a very live nerve centre in the whole economy of both countries. Therefore it had to be dealt with in a spirit of goodwill on both sides. When the committee was set up, I asked them to come to my office. Mr. Walsh was the chairman of that committee. He and his associates visited the office, and with the departmental officials we sat down to consider the problems before us. Before proceeding I suggested to him that we would not consider them in the manner of horse-traders. I said that I realized they were here to do a job — to negotiate — a job which they would want to live with, not only in the immediate future, but for years to come. I asked them to look upon us in the same way. I assure you that this was the spirit in which we approached the whole problem.

At the beginning I suggested to them that we all knew, facing each other as we did, that there was one problem about which there would be some difficulty, and that was the fisheries board and NAFEL. At that time I intimated to them I had had some experience in the splitting of wood, and had found it was very desirable to put a wedge in at the knot to open it up, and that the rest of the block would then fall apart in an easy and fairly reasonable way. That is exactly what we did. We started immediately to discuss the things that we knew were going to be hurdles, and somewhat difficult to get over.

After spending two or three hours in exchanging views on this matter, we proceeded by way of memorandum. We were given a list of questions which the delegates wanted us to answer. We answered these questions and then discussed our answers in another meeting. After various meetings, by a process of elimination, we finally reached a list of understandings which will be found in this pamphlet.[150] I believe all hon. members have a copy of the pamphlet, and they will find the questions on page 8. These were the questions this committee was finally able to submit to a committee of the cabinet and of which we were finally able to get approval. These questions then found their way into the pamphlet which we have before us. I want to show that

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[149a] Ceci est une erreur. Le Conseil des pêcheries et NAFEL étaient des organisations distinctes.

[150] Voir la pièce jointe, document 805.

[150] See enclosure, Document 805.

montrer que jamais on n'a prononcé de mots durs. La question a toujours été considérée avec calme et bon sens. Nous sommes enchantés des résultats.

Certaines des questions qu'on nous a posées cet après-midi traitent d'abord de notre propre attitude et du conflit qui oppose les pêcheurs qui se livrent à la petite pêche aux équipages des chalutiers. Je crois que ces questions pourront attendre le moment où nous en serons à l'étude de nos crédits.

Il fut question du Conseil des pêcheries. C'est la commission qui a établi ce conseil en 1936. Il se compose d'un président et de deux membres. Je reconnais qu'il jouit de pouvoirs assez étendus. En 1947, on a organisé une société d'exportation qu'on désigne sous le nom de NAFEL.

M. KNOWLES: Quel est ce mot?

L'hon. M. MAYHEW: NAFEL est une association terre-neuvienne d'exportateurs de poisson. Nous ne retirons pas à cette société tous les privilèges qui lui ont été accordés à sa création. Nous avons consenti à lui laisser le marché d'exportation du poisson salé seulement, ce qui représente un chiffre d'affaires de 14 ou 15 millions de dollars par année, selon le cours du marché. La NAFEL n'a rien à voir avec le reste de l'industrie de la pêche.

Pour ce qui est des divers services, nous prendrons les installations de congélation, le service de l'inspection et le service des recherches et nous les fusionnerons avec le service fédéral des pêcheries.

Je crois avoir répondu à toutes les questions, sauf à celle qui a trait à la prime.[. . .]

. . .

(L'article est adopté.)

Sur l'article 23 (dette).

M. MACDONNELL (Muskoka-Ontario): Il conviendrait, je pense, d'exposer au comité la portée de cet article qui se lit ainsi:

"Le Canada assumera et assurera le service et le remboursement des valeurs émises ou à émettre . . . "

J'insiste surtout sur ces derniers mots.

Le très hon. M. ST-LAURENT: Je crois, en effet, qu'il serait à propos de fournir quelques explications au sujet du présent article pour la gouverne des députés et du public en général. L'expression "émises ou à émettre" a trait au remplacement de certaines valeurs par d'autres. Une disposition prévoit le remplacement des va-

never at any time were there any harsh words. At all times the matter was viewed in a reasonable and business-like way and we are very pleased with the results.

Some of the questions which were asked this afternoon have to do primarily with our own position, and the fight between trawlers and shore fishermen. I think those questions can quite easily be left to be dealt with when our estimates are under discussion.

A question was raised about the fisheries board. The fisheries board was set up in 1936 by the commission. It is composed of a chairman and two members. This board has fairly wide powers, I will grant you. In 1947 a company was set up known as NAFEL, which is an exporting company.

Mr. KNOWLES: What is that word?

Mr. MAYHEW: NAFEL, a Newfoundland association of fish exporters. We are not getting all the privileges that were originally given the company. We agreed to let them retain the export market for salt fish only, which will amount to about $14 or $15 million a year, depending of course on market conditions. NAFEL has nothing to do with the rest of the fishing industry.

From the various departments we are taking over the freezing facilities, the inspection service and the research department, incorporating these into the federal system of fish management.

I believe I have answered all the questions except the one concerning the bounty.[. . .]

. . .

Section agreed to.

On section 23 — *Debt*.

Mr. MACDONNELL (Muskoka-Ontario): I think it would be desirable that a statement should be made to the committee with regard to this section. It reads:

"Canada will assume and provide for the servicing and retirement of the stock issued or to be issued — "

I refer particularly to those latter words.

Mr. ST. LAURENT: I think it is desirable that there should be some explanation of this clause for the information of hon. members and the public generally. The expression "issued or to be issued" refers to the replacing of certain securities by other securities. There is a provision for the replacing of securities issued under the

leurs émises en conformité du *Loan Act, 1933*, sans en modifier le montant.

En supposant que la livre vaut $4.04, le solde à rembourser en vertu du *Loan Act* de 1933 est de $71,911,467.24. Il y a un fonds d'amortissement de $9,326,650.26, de sorte que la dette nette est de $62,584,816.98.

M. PROBE: S'agit-il de dollars ou de livres?

Le très hon. M. ST-LAURENT: De dollars convertis à raison de $4.04 par livre. Selon les derniers renseignements disponibles, la dette intérieure s'élève à $10,465,593 et le fonds d'amortissement est de $879,368, de sorte que la dette intérieure nette, le 31 décembre 1947, se chiffre par environ 9 millions et demi.

M. BROOKS: La dette totale est-elle de 72 millions? Je ne comprends pas la différence entre la dette intérieure et la dette nationale.

Le très hon. M. ST-LAURENT: On a émis en sterling au Royaume-Uni des valeurs dont le montant net est actuellement de 62 millions. Puis on a émis en dollars à Terre-Neuve des valeurs d'un montant net d'environ neuf millions et demi à la fin de décembre 1947. On a tenté de déterminer quelle portion de la dette totale contractée à l'égard des services se serait appliquée aux services fédéraux si l'union avait eu lieu avant que les dépenses fussent effectuées, et quelle proportion se rapporte à des services qui auraient été des services provinciaux si l'union avait été en vigueur. Selon le rapport de 1933, on a estimé qu'environ 67 millions et demi de la dette d'alors consistait en immobilisations et en déficits courants à l'égard des chemins de fer et des dépenses de guerre.

Nous avons réduit ces 67 millions et demi dans la proportion où la dette totale existant alors avait été réduite au cours des années, ce qui a abaissé le montant à 54,800,000. Les délégués de Terre-Neuve ont fait valoir, — et après examen on a jugé qu'il fallait accepter leur point de vue, — que durant la dernière guerre on a émis 6 millions et demi de dollars de valeurs en emprunts de guerre et certificats d'épargne. Cette somme, ajoutée aux $54,800,000 donne $61,300,000.

On a constaté que ces chiffres correspondaient de très près à la dette due au Royaume-Uni en sterling. Il a été convenu qu'aux termes de l'union, le Canada assumerait, au même titre qu'une dette contractée à des fins fédérales, une somme équivalente à la dette envers le Royaume-Uni, et que le gouvernement de Terre-Neuve demeurerait débiteur d'une somme d'environ 9.5

loan act of 1933 without changing the amount at all.

On the basis of conversion at the rate of $4.04 to the pound, the amount outstanding under the loan act of 1933 is $71,911,467.24. There is a sinking fund amounting to $9,326,650.26, which leaves a net outstanding debt of $62,584,816.98.

Mr. PROBE: Is that dollars or pounds?

Mr. ST. LAURENT: It is dollars converted at the rate of $4.04 to the pound. According to the latest information available, the amount of the internal debt was $10,465,593, with a sinking fund of $879,368, leaving a net internal debt of about $9,500,000 as of December 31, 1947.

Mr. BROOKS: Would the total debt be $72 million? I do not just understand the difference between internal debt and national debt.

Mr. ST. LAURENT: Securities were issued in sterling in the United Kingdom, the net amount of which at the present time is $62 million. Then securities were issued in Newfoundland in dollars, the net amount at the end of December, 1947, being approximately $9.5 million. An attempt was made to determine what portion of the total debt incurred in respect of the services would have been in respect of federal services had union taken place before the expenditure was made, and what proportion referred to services which would have been provincial services had union been in effect. According to the report of 1933 it was estimated that approximately $67.5 million of the debt at that time was the result of capital expenditures and current deficits in connection with the railway enterprise and war expenditures.

We reduced that $67.5 million in the proportion in which the total debt existing at that time had been reduced over the years and it was found that that brought the amount down to $54.8 million. The Newfoundland delegates represented, and after consideration it was found that their representations should be accepted, that there had been issued for war purposes during the last war a total of $6.5 million in war loans and savings certificates. That added to the $54.8 million made a total of $61.3 million.

That figure was found to correspond quite closely to the debt owing in the United Kingdom in sterling. It was agreed that in bringing about the union Canada would take over, as a debt incurred for what would have been federal purposes, an amount equivalent to the United Kingdom debt, and that the government of the province of Newfoundland would retain the debt

millions à titre de dette contractée à des fins qui auraient été du domaine provincial. Il existe un léger écart. Le calcul mathématique nous a donné 61.3 millions, tandis que la dette sterling se chiffrait par 62.5 millions. On nous a signalé, cependant, que les mises de fonds relatives aux chemins de fer et à la poursuite de la guerre n'étaient pas les seules effectuées à des fins fédérales mais qu'une partie avait probablement été contractée relativement à la construction d'édifices publics, lesquels seraient répartis suivant que l'espace y est occupé, soit par des services fédéraux, soit par des services provinciaux. Nous avons donc constaté, après un calcul aussi précis que possible, que le montant de la dette sterling se rapprochait le plus possible du montant de la dette contractée à des fins qui auraient été du domaine fédéral.

C'est pour cette raison que nous avons décidé d'assumer la dette en sterling et de laisser au gouvernement provincial sa dette en dollars envers les habitants du Canada ou de Terre-Neuve.

M. JACKMAN[151]: La dette de Terre-Neuve en sterling est-elle aux mains de nationaux britanniques et, dans le cas de l'affirmative, ne pourrions-nous pas affecter au paiement de cette dette certains soldes de sterling que nous possédons à Londres?

Le très hon. M. ST. LAURENT: La dette devra être acquittée en sterling et nous aurons le droit d'utiliser à cette fin la monnaie sterling à notre disposition. Nous n'avons pas essayé, il va sans dire, de retracer les valeurs, mais il y a sans doute des titres qui ont été émis en Angleterre en monnaie sterling. Nous présumons que ces titres sont probablement détenus au Royaume-Uni. Mais, quoi qu'il en soit, c'est là qu'ils sont payables en sterling et nous pouvons affecter à leur rachat toute monnaie sterling dont nous disposons.

M. MACDONNELL (Muskoka-Ontario): Sauf erreur, le premier ministre est d'avis qu'ils ne sont payables qu'en sterling.

Le très hon. M. ST. LAURENT: En sterling seulement.

M. MACDONNELL (Muskoka-Ontario): Relativement à l'expression "valeurs émises ou à émettre," le premier ministre a dit, sauf erreur, qu'on peut émettre de nouvelles valeurs, mais

[151]Du parti Progressiste conservateur.

of approximately $9,500,000 as a debt incurred for purposes which would have been provincial. There was this slight discrepancy. In making the mathematical computation we arrived at $61.3 million whereas the amount of the sterling debt was $62.5 million. It was pointed out to us, however, that in connection with the railways and the war, not only had there been capital expenditure of a federal nature, but that a portion of it had been incurred presumably for the erection of public buildings, and that the public buildings were going to be distributed according to the space in them occupied for what would be either federal or provincial services. It was found therefore that the fairest approximate calculation that could be made would show that the amount of the sterling debt was just about as close as we could get to the amount of indebtedness incurred for purposes which would have been federal purposes.

It was for that reason that the sterling debt was assumed, and that the provincial government was to be left with its dollar debt owing to residents of Canada or of Newfoundland.

Mr. JACKMAN[151]: May I ask whether the sterling debt of Newfoundland is held by British nationals? If so can we offset some of the sterling balances, which we own in London, against the payment of this debt?

Mr. ST. LAURENT: The debt will have to be paid in sterling, and we will be entitled to pay it in any sterling that we have. Of course, we have not endeavoured to trace the securities, but presumably they are securities that were issued in England and issued in sterling. We assumed that they were probably held in the United Kingdom, but whether or not they are held there they are payable there, and they are payable in sterling, and we can use whatever sterling we have to redeem them.

Mr. MACDONNELL (Muskoka-Ontario): I take it the Prime Minister means not only that they are payable in sterling but that they are payable only in sterling.

Mr. ST. LAURENT: Only in sterling.

Mr. MACDONNELL (Muskoka-Ontario): The Prime Minister referred to the wording where it says, "Stock issued or to be issued." As I understood him, that means that new stock can

[151]Of the Progressive Conservative party.

seulement pour remplacer les valeurs existantes. Alors la question suivante surgit: S'agit-il exclusivement de combler une perte, de remplacer des valeurs perdues, ou faut-il conclure que, par suite du paiement d'une certaine somme à même le fonds d'amortissement, on peut émettre des valeurs jusqu'à concurrence de ladite somme?

Le très hon. M. ST-LAURENT: Non, seulement en vue de remplacer les valeurs déjà émises. Sauf erreur, en vertu du *Loan Act*, 1933 on a émis de nouvelles obligations qui remplaçaient celles d'alors; cependant, certaines d'entre elles n'ont pas encore été converties.

M. MACDONNELL (Muskoka-Ontario): Par conséquent, il s'agit du montant initial, qu'on ne pourra accroître, mais qui sera diminué selon le fonds d'amortissement?

Le très hon. M. ST. LAURENT: C'est juste.

M. FLEMING[152]: Ma question porte de façon générale sur les conditions financières. Elle vise l'article 23 et plusieurs autres sous la rubrique "Conditions financières." Le premier ministre pourrait-il nous fournir plus de renseignements sur les charges annuelles que le Canada assumera? Ceux qu'on nous a donnés ne sont pas très à jour. Nous avons reçu une brochure intitulée "Rapport et documents relatifs aux pourparlers en vue du rattachement de Terre-Neuve au Canada." A la page 70, on trouve un état du revenu et des dépenses probables que le Canada prendra à son compte après l'union.[153] Ces renseignements se fondent sur des chiffres de 1947, ainsi que sur les conditions proposées à Terre-Neuve en 1947. Les chiffres qu'on trouve à la page 70 font partie de l'appendice nº 4 du projet d'entente pour l'entrée de Terre-Neuve dans la Confédération. Ce document accompagnait la lettre qu'adressait au gouverneur de Terre-Neuve l'ancien premier ministre du Canada, le 29 octobre 1947. On en trouve le texte à la page 57 de la même brochure.

Voici comment j'interprète les conditions de 1947: le Canada peut compter que Terre-Neuve versera au Trésor fédéral environ 20 millions de dollars par année, à condition que son activité économique se maintienne au niveau de 1947. D'autre part, on calcule que le Trésor fédéral versera probablement à Terre-Neuve, sous forme de paiements découlant des ententes fiscales,

[152]Du parti Progressiste conservateur.

[153]Voir l'annexe IV de l'annexe à la pièce jointe, document 442.

be issued, but only to replace existing stock. That gives rise to this question. Does that mean merely to replace stock that is lost, or does it mean that if under the sinking fund you pay off a certain amount you can then issue up to the old amount?

Mr. ST. LAURENT: No; it means it is only to replace securities originally issued. My understanding is that under the Loan Act, 1933, there were securities issued to replace former securities, and that there are some of those that have not yet been converted.

Mr. MACDONNELL (Muskoka-Ontario): So the net result is that it will be the original amount not subject to increase, and subject to decrease to the extent of the sinking fund?

Mr. ST. LAURENT: That is correct.

Mr. FLEMING[152]: My question has to do generally with the financial terms, and it applies to article 23 and several of the other articles which are to be found under the general heading, "financial terms." I should like to ask the Prime Minister to supply a little more information as to the net result as far as the annual charges that will be borne by Canada are concerned. The information which has been furnished to the house is not quite up to date. The document which has been circulated entitled "Report and Documents relating to the negotiations for the union of Newfoundland with Canada" deals at page 70 with the question of probable revenues and probable expenditures accruing to Canada from Newfoundland.[153] That information is based on 1947 figures, and also relates to the terms offered to Newfoundland in 1947. The figures at page 70 are a part of annex No. 4, which is annexed to the so-called "proposed arrangements for the entry of Newfoundland into confederation," which accompanied the letter of October 29, 1947, of the former Prime Minister of Canada to the governor of Newfoundland, to be found at page 57 of this same document.

As I gather it, the position under the terms offered in 1947 was roughly to this effect. Canada might anticipate drawing from Newfoundland into the federal treasury approximately $20 million per annum on the assumption of a continuation of the 1947 level of economic activities in Newfoundland. It was calculated also that probable expenditures on Newfoundland out of the

[152]Of the Progressive Conservative party.

[153]See Annex IV of sub-enclosure, Document 442.

de pensions de vieillesse, d'allocations familiales et d'autres dépenses d'administration, près de 27 millions de dollars. Toutefois, on le signale à la page 71, quatre éléments ne sont pas inclus dans ce montant estimatif. Les 27 millions ne comprennent ni les subventions transitionnelles, ni le service de la dette terre-neuvienne assumée par le Canada, ni les frais relatifs au chemin de fer terre-neuvien et aux services de vapeurs qui en relèvent, entreprises passées au compte du Canada; enfin, la somme ne comprend pas les immobilisations.

J'interromps mon exposé pour ajouter ceci: pour ce qui est du résultat net que donnerait l'offre de 1947, le Trésor doit, semble-t-il, s'attendre à un déficit de près de 7 millions de dollars, soit la différence entre les dépenses probables et les recettes fédérales; à ce chiffre s'ajoutera la somme de 3 millions et demi versée sous forme de subventions transitionnelles pendant les trois premières années de l'union, ainsi que trois ou quatre autres montants qui figurent à la page 71. Mais ce ne sont pas là les conditions qu'étudie aujourd'hui la Chambre. Elles ont été révisées en 1948, ce qui a eu pour effet d'accroître très sensiblement le chiffre des subventions transitionnelles que verse le Canada à Terre-Neuve. On se propose de relever sensiblement les subventions, au cours des huit premières années des douze ans pendant lesquels ces subventions transitionnelles sont payables. Certains calculs révèlent que les propositions de 1947 comprenaient $26,250,000 en subventions transitionnelles, alors que les subventions prévues à l'article 28 des conditions de l'union s'élèvent à $42,750,000. Je suppose qu'on a augmenté, de 1947 à 1948, la somme versée à titre de subventions transitionnelles afin de rendre plus acceptables à la population de Terre-Neuve les conditions de l'union et peut-être aussi afin de calmer un peu l'opposition qui se manifestait là-bas contre la confédération.

Le premier ministre peut-il fournir à la Chambre des chiffres récents relativement à ce que coûtera probablement au Trésor l'union fondée sur les chiffres donnés aux pages 70 et 71, y compris les changements à opérer par suite de l'augmentation des subventions transitionnelles et les modifications résultant de ce qu'on a pris comme base les chiffres de 1947? Le Gouvernement est peut-être en mesure de nous fournir des chiffres plus récents que ceux-ci. J'ai oublié l'autre question posée par mon honorable ami.[*sic*]

Le très hon. M. ST-LAURENT: Je n'aimerais pas à essayer d'entrer dans le détail de ces calculs. Les calculs estimatifs qu'on a effectués se

federal treasury, embracing tax agreement payments, old age pensions, family allowances and other departmental expenditures, would total approximately $27 million. On page 71 it is pointed out that there are four items not included in the estimate of $27 million odd. They are: first the transitional grants; secondly, the cost of servicing that part of the Newfoundland debt assumed by Canada; thirdly, any costs in respect of the Newfoundland railway or its auxiliary steamship services taken over by Canada; and, fourthly, any capital expenditure.

I pause at that point to make this comment. In trying to arrive at the net result, it would appear that on the basis of the 1947 offer the net result to the treasury would be a deficit of roughly $7 million as between federal revenue and probable expenditures, plus three and a half million dollars of transitional grants in each of the first three years of union, plus the other three of the four items referred to on page 71. But those are not the terms that are before the house today. The terms were revised in 1948, and the result has been to increase very substantially the amounts of the transitional grants that are offered by Canada to Newfoundland. It is proposed to increase the grants substantially during the first eight of the twelve years during which transitional grants are payable. By doing some arithmetic one finds that the total of transitional grants contemplated in the 1947 offer was $26,-250,000 whereas the transitional grants that are contemplated by article 28 of the terms of union total $42,750,000. I assume that the amount of the transitional grants was increased in the interval between 1947 and 1948 for the purpose of making the terms of union more acceptable to the people of Newfoundland, and perhaps to meet some of the opposition that had been encountered there towards confederation.

I should like to ask the Prime Minister if he is in a position to give to the house now up-to-date figures as to the probable net result to the federal treasury of union based on the figures on pages 70 and 71 as varied, first by the increase in the transitional grants, and, secondly, by any possible changes arising from the use of 1947 figures as basic. It may be the government is in a position to give us more recent figures than those used here.

Mr. ST. LAURENT: I should not like to attempt to go into the details of those calculations. Those estimates that were made are contained in

trouvent dans l'Annexe 4. Il s'agit là d'estimations en gros. On a constaté qu'on pouvait, à plusieurs égards, obtenir des renseignements beaucoup plus précis qu'en 1947. Afin de laisser le gouvernement provincial en mesure de s'acquitter de ces obligations et de fournir à la population de Terre-Neuve des services portés graduellement au niveau de ceux offerts dans les autres provinces, sans recourir à des impôts qu'il serait impossible de chercher à établir immédiatement, il devenait nécessaire de relever le montant des subventions transitionnelles. Voilà la raison d'être de l'augmentation de ces dernières.

Je crois que le ministre des Finances et ses subalternes ont établi des calculs avant d'assurer au comité que les propositions étaient raisonnables. Le ministre serait mieux que moi en mesure de fournir à l'honorable député les renseignements que ses hauts fonctionnaires ont obtenus.

L'hon. M. ABBOTT: Comme le premier ministre l'a conseillé, monsieur le président, je pourrais peut-être donner ces renseignements. Lorsque la première délégation est venue ici pour discuter les conditions de l'union on a fourni certains chiffres sur les revenus probables de Terre-Neuve, et c'est en se basant sur ces chiffres ou estimations qu'on a formulé les propositions financières primitives.

Après le plébiscite et l'arrivée de la seconde délégation, on a accompli d'autre travail considérable sur le revenu et les dépenses probables de Terre-Neuve. La délégation terre-neuvienne avait retenu les services d'une firme de comptables très compétents. On a fait une étude minutieuse des revenus probables de Terre-Neuve et on a tenté de prévoir un budget provincial probable. Le comité comprendra combien il était difficile de le prévoir à cause des difficultés d'estimer la part des dépenses que les services fédéraux assumeraient et la part que la province continuerait de faire.

Quant au revenu du budget provincial probable, il fallait tenir compte de ce que l'union bouleverserait pour ainsi dire la matière fiscale de Terre-Neuve. Avant l'union, les sources principales de revenu étaient de celles qui relèvent uniquement du gouvernement fédéral ou qui sont partagées entre les gouvernements fédéral et provinciaux. La principale source de revenu de Terre-Neuve a toujours été la perception des droits de douane. Le nouveau gouvernement provincial sera privé de ce revenu. Pour ce qui est de

this annex 4. They were rough estimates and it was found that, in many respects, more precise information could be supplied than had been available in 1947. It was found that, in order to leave the provincial government in a position to carry out its responsibilities and give to the people of Newfoundland services that would be progressing up to the scale of services provided in other provinces, without imposing taxes which it would not be practical to try to make effective at once, additions in the transitional grants were required. It is because of that feature that those increases in the transitional grants were provided.

I think the Minister of Finance and his officers did make calculations before recommending to the committee the reasonableness of the proposals, and I think he would be in a much better position than I to give my hon. friend such information as his officials were able to obtain.

Mr. ABBOTT: As the Prime Minister has suggested, perhaps I might follow that up, Mr. Chairman. When the first delegation was here discussing terms of union, certain figures were made available as to the probable revenues in Newfoundland. It was on the basis of those figures or estimates that the original financial proposals were made.

Following the holding of the plebiscite and the arrival of the new delegation a good deal of additional work had been done with respect to the probable revenues and expenditures in Newfoundland. The Newfoundland delegation had retained the services of a very capable accounting firm. A careful analysis had been made of the probable revenues in Newfoundland and an attempt was made to forecast a probable provincial budget. As the committee will appreciate, it was rather difficult to do that because of the difficulty of assessing the extent to which the federal services would accomplish what, in the past, had been done by the province, and just how much would be carried on by the province. That was, of course, on the expenditure side.

On the revenue side of a proposed provincial budget, it was necessary to take account of the fact that union would effect a rather revolutionary change in the tax sources of Newfoundland. Up to the time of union, the major sources of revenue were sources which either were exclusively within the purview of the federal government or would be shared by the federal and provincial governments. The major source of revenue in Newfoundland has always been the customs duty. This revenue would no longer be available

l'impôt sur le revenu, de l'impôt sur les sociétés, des droits successoraux, et ainsi de suite, ce sont là des domaines que se partagent les deux gouvernements. L'évaluation des recettes futures a été extrêmement difficile.

La délégation de Terre-Neuve et celle du Canada ont reconnu, bien entendu, qu'il serait possible, voire nécessaire, de créer de nouvelles sources de revenu, analogues à celles dont disposent d'autres provinces canadiennes, mais elles ont admis que la création de ces sources de revenu exigerait forcément du temps. Voilà pourquoi on a décidé qu'il serait nécessaire d'accroître les subventions transitionnelles, lesquelles, ainsi que les membres du comité ont dû s'en rendre compte en examinant les conditions de l'union, seront de 6 millions et demi pour les deux premières années, et diminueront graduellement pour cesser tout à fait à la fin de la douzième année.

C'est en se fondant sur cette considération qu'on a calculé ces subventions supplémentaires de transition, et c'est ce qui a porté le gouvernement canadien à recommander ces subventions accrues. Nous avons estimé qu'elles étaient équitables et nécessaires afin que le nouveau gouvernement provincial pût disposer d'un budget raisonnable pour les services provinciaux nécessaires à la nouvelle province.

M. FLEMING: Je comprends qu'il est très difficile de dresser des estimations précises des recettes et dépenses probables, étant donné les éléments nouveaux qui doivent entrer en ligne de compte. Si le ministre veut bien m'éclairer, je le prie de me dire si je me fais une juste idée de la situation, en ce qui concerne le coût net, pour le trésor canadien, de l'union de Terre-Neuve au Canada. Le revenu annuel global prévu, y compris le produit de l'impôt sur le revenu des particuliers et des corporations, les droits successoraux et les taxes d'accise et d'importation et autres impôts énumérés dans le mémoire, s'établit à environ 20 millions de dollars.

Le très hon. M. ST-LAURENT: C'est notre estimation.

M. FLEMING: Oui, celle du gouvernement canadien. Par contre, on prévoit des dépenses d'environ 27 millions de dollars par an. Le paiement versé sous le régime de l'entente fiscale, — c'est celui, j'imagine, qui est prévu à l'article 26, — représenterait $6,820,000; la pension de vieillesse, entre 2 millions et deux millions six cent mille dollars; les allocations familiales, $8,350,000 et les autres dépenses de divers ministères, $9,400,000, ce qui donne le total que

to the new provincial government. Income taxes, corporation taxes, succession duties and the like are fields that are shared by the two governments. The difficulty in assessing what the revenues would really be was considerable.

It was, of course, realized by the Newfoundland delegation and by the Canadian delegation that it would be possible and necessary to develop new sources of revenue, in the light of those which are utilized in other Canadian provinces, but that inevitably it would take some time to develop those sources of revenue. For that reason, it was decided it would be necessary to increase the transitional grants which, as the committee will have appreciated upon looking at the terms of union, commence at the figure of $6.5 million for the first two years and diminish to nothing at the end of the twelfth year.

It was upon that basis that these additional transitional grants were arrived at, and that was the consideration which prompted the Canadian government to recommend these increased grants. The Canadian government felt they were fair and were necessary in order to enable the new provincial government to have a reasonably adequate budget to provide a scale of provincial services necessary in the new province.

Mr. FLEMING: I appreciate the real difficulty in arriving at very precise estimates of the probable revenues and probable expenditures in a situation like this, which has some novel features about it. If the minister would be kind enough to clarify this matter, I should like to ask him whether my understanding of the situation is correct in so far as the net cost to the Canadian treasury is concerned. The anticipated total annual revenue from all sources after union, which will include the personal income taxes, corporate taxes, succession duties, customs duties, import taxes, as well as all the other forms of taxes which were enumerated on page 70, will be in the neighbourhood of $20 million.

Mr. ST. LAURENT: That was our estimate.

Mr. FLEMING: Yes, I understand this was the estimate of the Canadian government. Against that, there are anticipated expenditures of approximately $27 million per annum. The tax agreement payment, which I presume is the subsidy payment which is provided for in article 26, is estimated at $6,820,000; old age pensions, between $2 million and $2,600,000; family allowances, $8,350,000; other departmental expenses, $9,400,000. This makes up the total I

j'ai mentionné. Il y aurait donc un déficit annuel de 7 millions, en chiffres ronds.

(3) Tous frais à l'égard du chemin de fer de Terre-Neuve ou de ses services auxiliaires de vapeurs, pris à charge par le Canada;

(4) Toutes les immobilisations."

J'ai voulu savoir aussi si dans l'estimation des dépenses, ce total de 27 millions en chiffres ronds, comprenait les frais accrus de la défense nationale. Voici un article qui s'intitule "autres dépenses du ministère" mais il ne prévoit que 9.4 millions. Ce chiffre comprend-il les dépenses accrues au chapitre de la défense nationale, à imputer sur le trésor fédéral relativement à la défense de Terre-Neuve?

L'hon. M. ABBOTT: Non. Je ne connais pas le chiffre revisé des revenus fédéraux probables dans Terre-Neuve. Je ne voudrais pas d'ailleurs m'aventurer à en dire plus long sur cette question dans le moment. Nous sommes toutefois à établir les estimations à inclure dans les estimations principales en vue d'assurer des services dans Terre-Neuve. Ces estimations sont presque au point. Les dépenses, y compris les dépenses relatives aux allocations aux anciens combattants et à d'autres fins, qui ne figurent pas ici, dépasseront de beaucoup le chiffre de 27 millions donné à la page 70. Compte tenu de tous ces articles spéciaux, elles seront probablement d'environ 50 millions, y compris les estimations supplémentaires pour la défense et autres fins du même ordre.

M. FLEMING: Le montant de 50 millions s'ajoute-t-il aux autres 27 millions? Je voudrais m'en assurer.

L'hon. M. ABBOTT: Non. Bien entendu, je présenterai le budget principal pour l'année financière du 1er avril 1949 au 31 mars 1950 avant que l'union soit un fait accompli. Par conséquent, j'ai décidé de ne pas inclure de postes relatifs à Terre-Neuve dans le budget principal, mais de les présenter dans les crédits supplémentaires. A mon sens, il vaut mieux procéder ainsi: les députés seront mieux en mesure de juger des dépenses additionnelles que nous envisageons à la suite du rattachement de Terre-Neuve. J'ai donc l'intention de déposer ces crédits vers le 31 mars, à condition bien entendu que les questions juridiques soient réglées de manière que l'union se réalise à peu près à cette date. Tout indique que le montant de ces crédits s'élèvera à 50 millions environ et comprendra tous les postes que

mentioned. There would appear up to that point to be an annual deficit of $7 million in round figures.

(3) Any costs in respect of the Newfoundland railway or its auxiliary steamship services, taken over by Canada;

(4) Any capital expenditures."

I also asked whether the estimate of their expenditure, this figure aggregating $27 million in round figures, took any account of the increased burden of national defence. There is an item here entitled "other departmental expenditures" but it is an amount of only $9,400,000. Does that take any account of the increased burden of national defence which will now fall on the federal treasury with respect to the defence of Newfoundland?

Mr. ABBOTT: No. I have not any revised figure as to probable federal revenue from Newfoundland, and I would prefer not to hazard any further statement on that matter at this time. We are, however, in process of preparing estimates to be included in what would be the main estimate in order to provide services in Newfoundland. While those are not completed yet, they are fairly well advanced. Those expenditures, including expenditures for veterans' benefits and one thing and another, which are not included here, will be substantially higher than the figure of $27 million shown on page 70. Including all those special items, I think it will probably be something of the order of $50 million, including additional estimates for defence and the like.

Mr. FLEMING: I should like to be clear with regard to that figure of $50 million. Is that in addition to the $27 million?

Mr. ABBOTT: No. What I am saying is this. Of course, before union is completed I shall be bringing down the main estimates for the fiscal year from April 1, 1949, to March 31, 1950. Therefore I have decided that, in the main estimates, we should not include Newfoundland items, but that they should be brought in as special supplementary estimates. I think it is an advantage to deal with the matter in that way, in that it will show to members of the house in detail the additional expenditure which it is contemplated will be necessary for Newfoundland. Those estimates will be brought in. My present intention would be to table those estimates on or about March 31, on the assumption that the legal formalities will have been complied with in order to make union effective about that date.

j'ai déjà mentionnés, ceux des anciens combattants et autres.

Present indications are that the overall amount of those estimates, including the other items to which I have referred — those relating to veterans and the like — will be something of the order of $50 million.

L'augmentation des subventions transitionnelles serait de trois millions et demi à six millions et demi de dollars, ce qui porterait le déficit à environ treize millions et demi par année. Toutefois, cela ne comprend pas, premièrement, les frais du service de cette partie de la dette de Terre-Neuve assumée par le Canada; deuxièmement, les frais relatifs au chemin de fer et au service maritime auxiliaire qui passeront au Canada; et troisièmement, toute autre dépense en immobilisation. Le ministre des Finances peut-il nous donner quelque idée de ce que tout cela coûtera et des frais supplémentaires pour fins de défense, afin que nous ayons un aperçu aussi exact que possible de ce qu'il en coûtera au Trésor.

The increase in the transitional grants from $3,500,000 to $6,500,000 would bring the deficit up to $13,500,000, approximately, per annum, but that does not include three other figures: first, the costs of servicing that part of the Newfoundland debt assumed by Canada; secondly, any costs in respect of the Newfoundland railway or its auxiliary steamship services taken over by Canada; thirdly, any capital expenditures. Could the Minister of Finance give any estimate at all of those three latter factors, as to what they might be expected to amount to, and could he say a word as to the anticipated additional cost of defence, so that we will have as complete a picture as it is possible to draw at this stage of the net result for the treasury of Canada?

Le très hon. M. ST-LAURENT: Avant que le ministre des Finances donne son estimation, j'aimerais fournir celle que nous a rapportée en 1948 la délégation de Terre-Neuve. Elle nous a dit que notre estimation des revenus était trop modeste. Nous avions calculé que le Canada retirerait en 1949 la somme de $20,185,000, tandis que la délégation terre-neuvienne soutenait qu'en tenant compte du niveau économique de 1949, nous retirerions $26,922,000. C'était la somme que le Canada, d'après les délégués, tirerait de ces diverses sources, de l'impôt sur le revenu des particuliers et des sociétés, et le reste. Ils ont aussi contesté l'exactitude de la somme de $27,150,000, car elle comprenait un versement de $2,600,000 à l'égard de la pension de vieillesse, versement qui selon eux ne dépasserait pas $2,400,000. Les délégués revinrent donc cette fois nous dire que notre estimation au sujet du revenu qu'obtiendrait le Canada, en se fondant sur le niveau économique de 1949, était trop basse, qu'elle devait être de $26,922,000, et que notre estimation des dépenses sous ces rubriques était un peu trop élevée, qu'elle devait être de $26,970,000, revenus et dépenses s'équilibrant à peu près. Sans doute ces chiffres ne sont-ils que des estimations. Avant que le ministre fournisse ses propres chiffres, j'ai cru devoir exposer à la Chambre les observations qu'ont faites les délégués de Terre-Neuve.

Mr. ST. LAURENT: Before the Minister of Finance gives his estimate, possibly I should give the estimate that was brought back to us in 1948 by the Newfoundland delegation. They disputed our estimate of the revenues as being too modest. Our estimate of what Canada would derive in 1949 was $20,185,000. Their estimate of what would be derived on the level of economy of 1949 was $26,922,000. They made that as their estimate of what Canada would derive from those various sources — personal income tax, corporation tax and so forth. They also disputed the $27,150,000 because that included the old age pensions payment at $2,600,000, and they said it would not exceed $2,400,000. So they came back this time telling us that our estimate of the revenue Canada would get, on the level of the economy of 1949, was too low, that it should amount to $26,922,000; and that our estimate of the expenditure on these items was a little bit too high and would be $26,970,000, practically balancing each other. Of course those figures are merely estimates. Before the Minister of Finance gave his own figures, I thought I should give to hon. members the representation that had been made by the delegation from Newfoundland.

L'hon. M. ABBOTT: J'oublie dans le moment quels autres détails le député songeait à obtenir en particulier.

Mr. ABBOTT: I forget for the moment what other things my hon. friend had in mind particularly.

M. FLEMING: J'ai parlé ensuite des éléments énumérés au haut de la page 71 de la brochure. J'ai demandé au ministre s'il pouvait fournir une estimation quant aux éléments mentionnés aux paragraphes 2, 3 et 4, qui sont ainsi conçus:

"(2) Les frais du service de la partie de la dette de Terre-Neuve assumée par le Canada;

M. FLEMING: Je pose une autre question, afin de tirer les choses au clair. Le montant de 50 millions comprendra celui de 27 millions, plus les subventions transitionnelles ainsi que les trois autres éléments figurant au haut de la page 71?

L'hon. M. ABBOTT: C'est exact.

M. FLEMING: Il s'agit d'un chiffre global?

L'hon. M. ABBOTT: Parfaitement.

M. NICHOLSON: Le ministre peut-il nous donner une certaine ventilation de ce montant additionnel de 23 millions de dollars? Je veux parler surtout de l'article 3, ainsi conçu:

"Tous frais afférents au chemin de fer de Terre-Neuve ou aux services de navires auxiliaires, absorbés par le Canada."

Dans le compte rendu des délibérations entre les délégués de la convention nationale de Terre-Neuve et les représentants du gouvernement canadien, — Partie II, relative aux moyens de transport, pages 67 et suivantes, — il est fait mention du tarif-marchandises, du tarif-messageries et du tarif-voyageurs présentement en vigueur à Terre-Neuve. Sauf erreur, le tarif-marchandises y est deux fois plus élevé que celui des provinces Maritimes. J'ai constaté avec surprise qu'il en coûte beaucoup plus cher pour voyager par chemin de fer que pour voyager par avion à Terre-Neuve. Les frais de voyage par train de Saint-Jean à Gander sont beaucoup plus élevés. On me dit que le tarif est à peu près le double du nôtre.

Quant à l'état des biens, je relève à la page 69 le passage suivant:

"Les renseignements disponibles indiquent que le réseau ferroviaire terre-neuvien est dans un état lamentable. Les réparations exigeraient l'affectation de sommes importantes. Les données ne permettent d'établir qu'approximativement le coût de ces travaux. Au cours d'une période de dix ans, il faudrait, semble-t-il, renouveler les rails et l'empierrement sur l'ensemble du parcours, élargir les remblais et tranchées, rétablir ou améliorer les moyens de drainage et reconstruire la plupart des ponts. De tels travaux, répartis sur une période d'environ dix ans, coûteraient environ 10 millions de dollars.

Mr. FLEMING: I went on to deal with the factors enumerated at the top of page 71 of the booklet. I asked if the minister could give any estimate at all as to factors 2, 3 and 4, which are as follows:

"(2) Costs of servicing that part of the Newfoundland debt assumed by Canada;

Mr. FLEMING: For clarity's sake, may I ask this further question. That $50 million will include the $27 million, plus the transitional grant, plus the other three factors at the top of page 71?

Mr. ABBOTT: That is correct.

Mr. FLEMING: It is an inclusive figure?

Mr. ABBOTT: That is correct.

Mr. NICHOLSON: Can the minister make any breakdown of this additional $23 million? I am referring especially to item 3:

"Any costs in respect of the Newfoundland railway or its auxiliary steamship services, taken over by Canada."

In the report of meetings between delegates from the national convention of Newfoundland and representatives of the government of Canada, part II, at pages 67 and those following, the section dealing with transportation makes some mention about present freight rates, express rates and passenger rates in Newfoundland. I understand that the freight rates there are about twice as high as the prevailing rates in the maritimes. I was surprised to find that it is so much more costly to travel by train in Newfoundland than it is to travel by air. The cost of travelling from St. John's to Gander is a good deal higher by train. I am told that the rates are about twice as high as the prevailing rates in Canada.

As to the condition of the property, at page 69 I read:

"Such evidence as is available would indicate that the Newfoundland railway system is badly run down and would require the expenditure of substantial amounts for rehabilitation. Estimates of the probable cost of such rehabilitation can only be guesses on the basis of data at present available. It would appear that the rails would need to be renewed on the whole of the railway within a period of ten years, and that at the same time ballast should be renewed, embankments and cuts widened, drainage restored or improved and that a majority of the bridges would need renewing. The cost of such rehabilitation over a ten-year period would be of the order of $10 million.

Il faudrait également rénover le matériel roulant. Plusieurs wagons sont en bois, tandis qu'un certain nombre de locomotives ne valent pas la peine d'être réparées. On peut hasarder l'opinion selon laquelle la rénovation du matériel roulant répartie sur une période de dix ans, coûterait environ 7 millions de dollars."

M. MACNICOL: Il faudrait que le même barème s'applique à Terre-Neuve.

M. BENTLEY[154]: On va s'approprier les entreprises d'utilité publique à Terre-Neuve, chemins de fer et hôtels, par exemple, aux conditions que vient d'exposer le ministre. Aura-t-on soin de faire effectuer une estimation exacte? Leur attribuera-t-on leur valeur réelle de remplacement ou leur valeur actuelle sans tenir compte de la surcapitalisation?

J'apprends que les salaires, si j'en juge d'après l'exemple fourni, sont quelque peu inférieurs à ceux qui ont cours au Canada. Sous la rubrique "Résultats de l'exploitation," il est indiqué que le déficit a atteint environ $525,000 en 1944-1945 et $698,000 en 1945-1946, une fois réglée une dépense non renouvelable.

Voici le point sur lequel je voudrais être renseigné. Le National-Canadien sera-t-il désormais chargé du chemin de fer de Terre-Neuve? Est-il entendu que le barème des salaires sera relevé de façon à s'adapter aux barèmes canadiens? Le tarif-marchandises et le tarif-voyageurs seront-ils amenés au niveau de ce qu'ils sont au Canada? Que devient la dette du chemin de fer de Terre-Neuve? Pèsera-t-elle sur le Fonds du revenu consolidé du Canada ou s'ajoutera-t-elle au fardeau déjà lourd des Chemins de fer nationaux, qui est environ deux fois plus élevé que la dette de son concurrent, le Pacifique-Canadien? Le ministre des Finances peut-il répondre à ces questions, du moins à quelques-unes?

L'hon. M. ABBOTT: Le chemin de fer de Terre-Neuve sera administré par les chemins de fer Nationaux. C'est dire que ceux-ci agiront comme les agents du gouvernement du Canada de la même manière qu'ils administrent l'Intercolonial. S'il y a déficit, et je crois ce déficit assez certain, il faudra qu'il soit comblé par un vote de la Chambre comme en ce moment on comble les déficits des chemins de fer Nationaux, et de la même manière que, chaque année, nous prévoyons aux crédits un poste relatif au chemin de fer Intercolonial. Je n'ai pas en ce moment de

[154]De la Fédération du commonwealth coopératif (CCF).

The rolling stock of the system would also need rehabilitation. Much of the car equipment is of wooden construction and a number of the locomotives are not worth repairing. It may be hazarded that the cost of rehabilitating rolling stock over a ten-year period would be of the order of $7 million."

Mr. MACNICOL: The rates would have to be applied to Newfoundland.

Mr. BENTLEY[154]: In taking over various public utilities such as railways and hotels in Newfoundland, under the terms just announced by the minister, will a careful audit be carried out, and will they be taken over at the actual replacement value or at their value regardless of how much actual over-capitalization there may be?

I read that the rates of pay, as far as can be judged from the sample given, are on the whole somewhat lower than those in Canada. Under the heading "Results of operation," it is reported that there was a deficit of about $525,000 in 1944-45 and $698,000 in 1945-46, after adjustment of a non-recurring item.

The point upon which I should like some information is this. Does it now become the problem of the Canadian National Railways to take over the Newfoundland railway? Is there an undertaking to bring the rates of pay up to Canadian levels and to bring passenger and freight rates down to Canadian levels? If so, what is the probable deficit which might be expected? What about the capital debt of the Newfoundland railway? Does it become a charge on the consolidated revenue of Canada, or is it added to the already heavy burden of the Canadian National Railways, which is about twice as high as the debt of its competitor, the Canadian Pacific Railway? Can the Minister of Finance answer some of those questions?

Mr. ABBOTT: The Newfoundland railway will be operated by the Canadian National Railways; that is to say, management will be provided by the Canadian National Railways, but they will operate it as agents of the Canadian government in the same way as the Canadian National Railways operate the Intercolonial railway. If there is a deficit, and I think it is fairly certain that there will be one, any deficit incurred will have to be voted by this house in the same way as deficits of the Canadian National Railways and just as we have in the estimates

[154]Of the Cooperative Commonwealth Federation (CCF).

prévisions concernant le déficit possible ou probable du chemin de fer de Terre-Neuve. Il est hors de doute que celui-ci exigera de fortes immobilisations qui seront assimilées à du capital et qui, selon toute évidence, devraient augmenter les recettes du chemin de fer en augmentant l'efficacité. Toutefois, du point de vue de l'exploitation, les déficits, s'il y en a, seront comblés par les contribuables du Canada, de la même manière que ceux du National-Canadien ou de l'Intercolonial. J'oublie l'autre question que le député a posée.

M. NICHOLSON: Les barèmes de salaires applicables au Canada seront-ils appliqués à Terre-Neuve?

L'hon. M. ABBOTT: Cette question ne relève malheureusement pas de ma juridiction, mais du ministre des Transports qui n'est pas ici en ce moment.

L'hon. M. ABBOTT: Il n'est pas question d'estimation. Nous les assimilons à un élément de l'actif du gouvernement de Terre-Neuve. Comme le disait le premier ministre, il y a un instant, nous nous sommes chargés du règlement de la dette en sterling, dont une bonne partie a été notamment contractée au moment de la construction du chemin de fer. Nous devenons propriétaire du chemin de fer qui sera désormais un des éléments de l'actif du gouvernement canadien. Comme je l'ai noté, le passif en contre-partie est cette partie de la dette. J'ajoute que cette disposition prévoit que le chemin de fer conservera un capital de roulement suffisant, des fournitures, etc. Tous ces éléments entrent en ligne de compte dans les rajustements effectués lors de l'union.

M. JACKMAN: Après les paroles de bienvenue que lui a adressées mon chef, je suis certain que nous sommes tous heureux d'accueillir Terre-Neuve dans la confédération, même si cette jeune fille nous arrive sans dot. Cependant, le comité a le droit de savoir exactement quels revenus nous rapporteront les impôts à Terre-Neuve et aussi quelles seront les dépenses. Les renseignements que nous a fournis le ministre des Finances ne nous éclairent pas beaucoup. J'espère qu'il n'a pas conclu de transaction financière en se fondant sur les maigres renseignements qu'il a communiqués au comité jusqu'ici.

Le document remis aux députés a été imprimé en 1949, mais il a trait à un recueil de conférences publié en 1948. Il y aurait lieu de croire que les renseignements sont assez récents, mais soit le ministre soit le premier ministre a dit, en parlant des recettes fédérales que nous pouvons es-

each year an item for statutory obligations in connection with the Intercolonial railway. At the moment I have not available any estimates of the possible or probable deficit of the Newfoundland railway. There is no doubt that it will require substantial capital expenditures, which will be classified as capital, and which presumably would increase the earning power of the railway by improving efficiency. But from an operating point of view the deficits, if any, will be a charge upon the taxpayers of Canada in the same way as are the deficits of the Canadian National Railways and of the Intercolonial railway. I have forgotten my hon. friend's other question.

Mr. NICHOLSON: Are the rates of pay prevailing in Canada to be made available to Newfoundland?

Mr. ABBOTT: I am afraid that that is a question which is not within my province. The Minister of Transport is not here at the moment. That question comes within his jurisdiction.

Mr. ABBOTT: No valuation is placed on them. We take them over as an asset of the government of Newfoundland. As the Prime Minister indicated a moment ago, we have assumed the payment of the sterling debt, a large portion of which was incurred in the building of the railway, among other things. We will own the railway as an asset of the Dominion of Canada. As I indicated, the offsetting liability is a portion of the debt. I might add, the arrangement provides that the railway will be left with adequate working capital, stores and so on, and that is part of the adjustments which are made on union.

Mr. JACKMAN: After what my leader has said in welcoming Newfoundland into confederation, I am sure that we shall be glad to accept the young lady without any dowry whatsoever. But this committee is entitled to know just what revenues we are likely to receive from taxation in Newfoundland and also what the expenditures will be. The information which the Minister of Finance has given has been anything but illuminating. I do hope that he has not entered into a financial transaction on the scanty basis of information which he has so far given to the committee.

The document which was given to hon. members was printed in 1949. It refers to a conference series published in 1948. One might expect that the information would be at least reasonably up to date, but either the minister or the Prime Minister has said, when dealing with the

pérer tirer de Terre-Neuve, que le premier montant de $20,185,000 a été relevé par la délégation de Terre-Neuve à la suite d'un examen plus approfondi de la situation qu'elle a fait à son retour chez elle. Une firme de comptables très compétents a été chargée de ce travail, (je suis convaincu qu'ils étaient très compétents), et a porté l'estimation de ces revenus à $26,922,000. Devons-nous accepter cette révision de l'estimation des revenus que nous obtiendrons de Terre-Neuve?

Le très hon. M. ST. LAURENT: Nous n'acceptons ni ne contestons l'exactitude de cette estimation. Nous toucherons les sommes que rapporteront les impôts appliqués aux taux actuels. Ce ne sont que des estimations. Nous les acceptons à ce titre, mais nous ne pouvons pas en garantir l'exactitude.

M. JACKMAN: Je ne demande pas de garantie. Bien entendu, ce ne sont que des estimations, mais on fait sûrement un peu de vérification et de contre-vérification. Les délégués ont eu ici, avec nos représentants, des entrevues qui ont duré des semaines, sinon des mois. Les membres du Gouvernement doivent certainement avoir une bonne idée de ce qu'il faut entendre par une estimation raisonnable. Je pose une question précise. Aux yeux de nos conseillers et de nos ministres responsables, est-ce une estimation raisonnable que 20 millions de dollars? La somme de 27 millions, estimation finale de la députation de Terre-Neuve, est-elle plus près de la réalité? La question est simple. Le Gouvernement doit sûrement savoir si le montant s'approche de l'une ou de l'autre des deux estimations. Lorsque nous appliquons nos lois fiscales à Terre-Neuve, je sais que nous obtenons un certain chiffre. Nous ne le connaissons pas exactement; mais on a dû faire une estimation comportant une certaine exactitude, car il est tout à fait étonnant, lorsque les exposés budgétaires sont déposés d'une année à l'autre et que les prévisions atteignent des centaines de millions de dollars, de constater jusqu'à quel point elles sont parfois exactes même si, au cours des quelques dernières années, les excédents ont dépassé légèrement ceux auxquels le Gouvernement pouvait vraisemblablement s'attendre.

A titre de membres du comité, nous devons nous enquérir du montant probable de ces dépenses. Le ministre a déclaré au petit bonheur, comme il en a l'habitude, que le chiffre de 27 millions de dollars s'applique aux subventions transitionnelles qui s'établissent maintenant à $6,500,000.

L'hon. M. ABBOTT: Il s'agit des versements globaux. Si l'honorable député veut bien me le permettre, je lui rappellerai que le principal versement supplémentaire se chiffrera à environ 14

federal revenues which we can expect from Newfoundland, that the original figure of $20,185,-000 had been upped by the Newfoundland delegation when they went back home and made a further investigation, and that they retained a very capable firm of accountants — I am sure they were very capable — who upped these revenues to an estimated $26,922,000. Do we accept that revision of the estimate of revenue which we shall get from Newfoundland?

Mr. ST. LAURENT: We neither accept it nor dispute it. We shall get such amounts as will be provided by the present rates of taxation applied to operations which actually take place. These are estimates. We accept them as estimates, but we do not guarantee that these estimates will prove to be accurate.

Mr. JACKMAN: I am not asking for a guarantee. Of course they must be estimates in the very nature of things, but one certainly does a little checking and double checking. The delegation met here with our own representatives for weeks, if not for months. Surely there must be a very good idea in the minds of members of the government as to what a reasonable estimate is. I am asking a specific question. Is the reasonable estimate in the eyes of our own advisers and our own responsible ministers $20 million or is it nearly $27 million, which was the final estimate of the Newfoundland delegation? That is a simple question. Surely the government holds at least a belief that it must be nearly one or the other. I know that when we apply our taxation laws to Newfoundland we get a certain figure. We do not know exactly what it is, but we must have made some estimate which we hoped would bear some accuracy, because it is simply amazing, when the budgets are brought down year after year and estimates are made running up to hundreds of millions of dollars, how accurate they sometimes are, although I admit that in the last few years the surpluses have been a little higher than the government could ever possibly have expected.

As members of this committee, we should inquire into what these probable expenditures are going to be. The minister, in his usual slapdash fashion, has said that the figure of $27 million applies to transitional grants which are now $6,-500,000 —

Mr. ABBOTT: Total payments. The main additional item, if my hon. friend will permit me, will be approximately $14,500,000 under the transitional grants, the tax agreement, and other

1/2 millions de dollars, en vertu des subventions transitionnelles et de l'accord fiscal, y compris d'autres paiements. Si l'on ajoute cette somme à celle de 27 millions, on obtient environ 41 millions de dollars. Il y a ensuite les prestations aux anciens combattants, qui s'élèvent à 4 ou 5 millions de dollars, et diverses autres dépenses.

M. JACKMAN: Ce sont ces diverses autres dépenses que je n'accepte pas. Le comité a le droit de savoir où il va. Ce n'est pas le facteur dépense qui nous empêchera d'approuver l'union, question qui se place sur un plan beaucoup plus élevé que cela. Il n'en reste pas moins que nous avons certaines obligations envers notre population. Il nous faut donc être renseignés. Je prie le ministre de ne pas me citer quelques chiffres sur tel et tel point, pour arriver à la somme de 50 millions, puis se contenter d'ajouter "et le reste, et le reste." Je veux savoir ce qu'on ajoute aux dépenses probables de 27 millions, somme qui, selon le ministre, doit être relevée. Je veux connaître le détail des dépenses additionnelles qui portent le total à quelque 50 millions de dollars. Les subventions transitionnelles se chiffrent par 6 1/2 millions. Le service de la dette sera probablement de l'ordre de $2,400,000. Si mes chiffres sont erronés, le ministre voudra bien les rectifier. Il n'est pas sans savoir ce qu'a donné l'exploitation du chemin de fer de Terre-Neuve, même avec le tarif-marchandises et le tarif-voyageurs élevés dont nous avons entendu parler, et un niveau des salaires peut-être inférieur au nôtre.

Que s'est-il passé là-bas au cours des dernières années? Il n'est pas probable en cette matière qu'il se produise un changement radical en très peu de temps. Si le chemin de fer de Terre-Neuve accuse un déficit, à combien se chiffrera-t-il? Autant que je sache, ce pourrait bien être un profit, mais je veux des données sur cette question. Je veux savoir exactement quels seront les autres détails, y compris le coût des allocations aux anciens combattants, qui constitueront le montant d'environ 50 millions de dollars que la première année d'exploitation coûtera au Canada. Je n'ai rien dit au sujet des revenus qui sont estimés sur la base de 1947, je crois, parce que ces revenus sont estimés selon les lois de l'impôt de cette époque et nous, les représentants du peuple, devons nous attendre à une baisse des taux de l'impôt. Les revenus de l'impôt seront donc beaucoup moindres. Cependant, je ne demanderai pas au ministre de faire des estimations à ce sujet pour le moment. Je lui saurais gré de nous expliquer le détail de ces dépenses probables de 50 millions de dollars.

payments to the province. Add $14,500,000 to $27 million and you get up to $41 million odd. Then there are veterans benefits of $4 million or $5 million, and one thing and another.

Mr. JACKMAN: It is this "one thing and another" to which I object. This committee is entitled to know what we are doing. As I said before, we are willing to go into this irrespective of any dollars and cents. The question of union with Newfoundland rises above that; nevertheless we owe a duty to our own people in Canada and we need the information. I would ask the minister not to give me a few figures on this and that and say, et cetera, et cetera, then arrive at $50 million. What I want to know is this. What is added to the probable expenditures of $27 million, which I think the minister said had to be revised upwards? I should like to know what the additional figures are. I want them itemized to make up the total of approximately $50 million which the minister gave us. We have the transitional grants, which are $6,500,000. Then we have the cost of servicing the Newfoundland debt, which I presume will be somewhere in the neighbourhood of $2,400,000. The minister can correct me if I am wrong. Surely he knows what the experience is in operating the Newfoundland railway even with the high freight rates and passenger rates which we heard about, and possibly a lower wage scale than we have in Canada.

What has been the experience there in the last few years? — because in the nature of things it is not likely that there will be too radical a change in a short time. What is the deficit on the Newfoundland railway likely to be, if there is a deficit? It may be a profit, for all I know, but I want a figure on that. I want to know exactly what other items, including the cost of veterans allowances, will go to make up the figure of $50 million more or less which will be the cost to Canada of the first year of operation. I have not said a word about the revenues, which are estimated on the basis of 1947, I think, because that was applying the tax laws as they existed in Canada at that time, and we, representing the people of Canada, surely expect that the tax rates will be much less, therefore the tax revenues will be much less. However, I will not ask the minister to make any estimate in that regard just now. If he would throw some light on how the $50 million probable expenditures are made up I should be very grateful.

L'hon. M. ABBOTT: Voilà une question assez raisonnable. Je crains qu'il me soit impossible d'y répondre immédiatement. Si j'ai mentionné le chiffre rond de 50 millions de dollars, c'est que j'ai demandé aux fonctionnaires des divers ministères de me fournir les dépenses relatives à Terre-Neuve. L'autre jour j'ai demandé ce que serait le total de ces estimations et on m'a répondu qu'il serait d'environ 50 ou 55 millions de dollars. Je n'ai pas les détails ici mais je les obtiendrai. Le débat se poursuivra sans doute pendant quelque temps. Les détails complets, il va de soi, seront exposés dans les crédits supplémentaires spéciaux dont j'ai parlé il y a un instant, mais je ne puis fournir de ventilation au député dans le moment.

Le principal crédit comprend l'allocation aux Terre-neuviens des indemnités de réhabilitation et des autres prestations consenties aux anciens combattants. Ce crédit compte pour beaucoup dans l'augmentation. Il se peut que les chiffres globaux que j'ai fournis comprennent aussi un crédit à l'égard du déficit des chemins de fer mais je demande au député de vouloir bien réserver cette question. Je m'efforcerai de lui répondre demain après-midi ou du moins avant que le débat prenne fin.

M. FLEMING: Pour en revenir à un problème qui me devient familier au sujet du résultat net, le ministre a dit que les dépenses annuelles seront probablement de 50 à 55 millions. Le premier ministre a déclaré que les recettes fédérales estimatives d'une année comprennent d'une part le chiffre estimatif de 20 millions pour le Canada et d'autre part le montant estimatif de 27 millions pour Terre-Neuve. Ces chiffres démontrent donc que l'union obérera le trésor fédéral d'au moins 23 millions par an, la somme pouvant même atteindre 35 millions à supposer que l'activité économique se maintienne au rythme actuel, et que les impôts fédéraux continuent de rapporter autant qu'aujourd'hui. Si, comme nous l'espérons bien, le taux de l'impôt diminue sensiblement cette année, les recettes provenant de Terre-Neuve fléchiront aussi, et le fardeau net pour le trésor fédéral augmentera en conséquence.

Le ministre aurait-il l'obligeance de commenter ce point? Un calcul rapide me démontre que le coût variera de 23 à 35 millions par an.

L'hon. M. ABBOTT: Ces chiffres sont probablement exacts. Toutefois, ainsi que l'honorable député doit s'en rendre compte, il ne s'agit que

Mr. ABBOTT: That question is fair enough. I am afraid I cannot give the information at once. The reason I gave the round figure of $50 million was that I asked the officers of the various departments to segregate the expenditures in the different departments relating to Newfoundland. The other day I asked what the total of these estimates would be and I was informed that it was something of the order of $50 million or $55 million. I have not the details here. I will get them. This discussion will probably go on for some time. The full detail of course will be set out in the special supplementary estimate to which I referred a moment ago, but I cannot give my hon. friend a breakdown of that here now.

The major item is the extension to Newfoundland of rehabilitation grants and other veterans benefits, which run to quite substantial sums of money. That is a major item in the increase. It may well be that the gross figure which I have given also includes an estimate for deficit on the railways but I shall have to ask my hon. friend to allow that to stand and I shall try to give it to him either tomorrow afternoon or certainly before the discussion finishes.

Mr. FLEMING: Going back to my now familiar problem about the net result, the minister has now said that the total probable expenditures for a full year would be $50 million to $55 million. The Prime Minister has indicated that the estimates of federal revenue in a year are, on the one hand, the Canadian estimate of $20 million, in round figures and, on the other hand, the Newfoundland estimate of, shall we say, $27 million, in round figures. This means that, with those figures, the net cost to the federal treasury through union would be a minimum of $23 million per annum, and might run up to as high as $35 million, based on the assumption of the continuance of the present scale of economic activity, and also on the continuance of the present scale of federal taxation. If, as we sincerely hope, there is a substantial reduction in rates of taxation this year, the anticipated revenue from Newfoundland would be reduced accordingly, and the net charge on the federal treasury would be increased accordingly.

Would the minister comment upon that? According to my arithmetic the figures of cost would be somewhere between $23 million and $35 million per annum.

Mr. ABBOTT: That is probably right. But, as the hon. member appreciates, those are estimates. If, in fact, the federal revenues from

d'estimations. Si, de fait, les recettes fédérales provenant de Terre-Neuve atteignent 20 millions, et si par ailleurs les dépenses diverses effectuées par le gouvernement fédéral à Terre-Neuve s'élèvent à 50 millions, les décaissements dépasseront d'environ 30 millions les recettes.

L'honorable député a raison. Il reconnaîtra cependant, j'en suis sûr, que, pour les premiers temps de l'union, il n'est peut-être pas juste d'estimer d'après cette norme les revenus qu'on pourra éventuellement tirer de l'île, tout comme il ne serait pas juste d'apprécier la valeur de Terre-Neuve et de son apport à la confédération canadienne d'après les recettes obtenues au début. Je suis convaincu que ce n'est pas ce que l'honorable député voulait dire. Je ne fais que signaler que notre appréciation ne doit pas se fonder uniquement sur des considérations financières.

M. FLEMING: Je suis entièrement d'accord avec le ministre. Je ne voudrais pas qu'on ait l'impression que je me fonde sur les chiffres qu'on nous a fournis cet après-midi, à notre demande, pour estimer les avantages de l'union, soit pour Terre-Neuve, soit pour le Canada. Quoi qu'il en soit, cette question est importante et, si nous avons demandé des renseignements, c'était afin d'élucider certains points essentiels. Du reste, si nous nous arrêtions uniquement à des considérations financières, il nous faudrait évidemment tenir compte des avantages économiques que vaudraient aux deux parties l'accroissement des moyens commerciaux et ainsi de suite. Il s'agit là d'un problème distinct.

M. PROBE[155]: Pour revenir au déficit qu'on estime, pour cette année, à un montant variant entre 23 et 35 millions de dollars, le ministre peut-il nous dire où nous en serons dans cinq, dix ou quinze ans? Certaines dettes et dépenses de cette année ou de l'an prochain ne sont pas de celles qui figurent en permanence au budget. A quel montant le déficit prévu pour cette année, quel qu'il soit, sera-t-il subitement ou graduellement réduit?

L'hon. M. ABBOTT: Comme j'ai eu souvent l'occasion de le dire à la Chambre, je ne jouis pas du don de prophétie et quiconque pourrait prédire plusieurs années à l'avance ce que seraient les revenus et les dépenses d'une province ou du pays tout entier, ferait des miracles. On ne peut se permettre autre chose que de pures conjectures. Cependant, si l'on prend pour admis que Terre-Neuve se développera au point de participer plei-

[155]De la Fédération du commonwealth coopératif (CCF).

Newfoundland are of the order of $20 million, and if in fact the federal expenditures in Newfoundland, of one sort or another, are of the order of $50 million, obviously there would be some $30 million paid out more than is taken in, in direct revenue.

My hon. friend is right when he says that. But I am sure he appreciates that in the early stages of union it is perhaps not a fair test of the ultimate revenue-producing capacity of Newfoundland, nor is the amount received in revenue at the outset a fair test of the value of Newfoundland, or the contribution it may make to the Canadian federation. I do not think we can do that — and I am sure my hon. friend was not suggesting that we could. I am simply pointing out that we cannot judge this entirely in terms of either estimates or dollars and cents.

Mr. FLEMING: I agree entirely with what the minister says. I would not wish anyone to think that I am basing my judgment as to the advantages of union either to Newfoundland or to Canada on these figures which have been brought out this afternoon upon inquiry. However, this is a matter of some importance, and inquiries have been made with a view to eliciting essential information. On the other side, if we were thinking in terms of a ledger balance in respect of the union, of course we would have to take account of the economic advantages accruing to both sides as a result of the increased facilities for trade, and other similar advantages. It is a separate and distinct problem.

Mr. PROBE[155]: Referring to this deficit, which is estimated variously as running from $23 million to $35 million annually, as of this year, would the minister indicate what the position will be in five, ten or fifteen years? Some of these are non-recurring debts and expenditures as of this or next year. This figure, whatever it may be, of the present deficit, will be sharply or gradually reduced to what figure in what time?

Mr. ABBOTT: As I have often had occasion to say in the house, I claim no gift as a prophet; and anyone who could attempt to forecast what the revenues and expenditures of a province or of the dominion would be years ahead is a worker of miracles. It is absolutely impossible to make anything but a wild guess. But if one assumes that Newfoundland develops and occupies a full place in the Canadian economy, I think it is fair

[155]Of the Cooperative Commonwealth Federation (CCF).

nement au progrès économique du Canada, il est raisonnable de prévoir l'accroissement de ses revenus et, comme j'ai pu m'en rendre compte depuis que je suis ministre des Finances, ses dépenses augmenteront également.

M. PROBE: Le ministre est-il d'avis que ce déficit temporaire ou apparent diminuera sensiblement dès que les conditions se seront stabilisées?

L'hon. M. ABBOTT: On peut s'y attendre. Des dépenses comme les prestations aux anciens combattants et les subventions provisoires vont aller en décroissant. Je profite de l'occasion pour dire que je ne suis pas homme à consulter le bilan d'une province, son revenu ou l'argent avancé par le gouvernement fédéral à cette province comme moyen de savoir au juste ce que cette province contribue à l'économie du pays. Nous avons des provinces "riches" et d'autres dont les revenus sont moins élevés; cependant je n'accepte pas cela comme critère du rang qu'une province occupe dans la Confédération.

M. PROBE: Il est prévu à l'article 23 que le Canada assumera certaines dettes de la province de Terre-Neuve; aux termes de l'article 24 la province gardera ses surplus. Puis-je savoir, en premier lieu, en ce qui a trait à l'article 23, si Terre-Neuve est en retard dans le remboursement de certaines dettes dont elle est responsable ou le serait si la province n'entrait pas dans la confédération?

L'hon. M. ABBOTT: Non. Les frais de la dette de Terre-Neuve ont été pleinement acquittés et toutes les échéances ont été rencontrées. Comme le premier ministre l'a expliqué, la dette que le Canada doit assumer est une dette extérieure, payable en monnaie sterling. On m'a fait savoir que la totalité de la dette peut être payable en tout temps sur préavis de trois mois.

M. PROBE: Les garanties à l'égard des sociétés et des institutions dans Terre-Neuve sont-elles acquittées? L'île est-elle responsable de certains arriérés de dettes?

L'hon. M. ABBOTT: A ma connaissance, — j'ai la certitude d'être bien renseigné, — toutes les obligations de Terre-Neuve ont été acquittées.

M. MACNICOL[156]: Monsieur le président, je partage l'opinion du ministre à certains égards. Cependant, nous ne devons pas, à mon avis, fen-

[156]Du parti Progressiste conservateur.

to assume that its revenues will expand; and my experience as Minister of Finance has been that expenditures will also expand.

Mr. PROBE: Is it the minister's view that this temporary or this present apparent deficit will narrow considerably as soon as conditions stabilize?

Mr. ABBOTT: I should think that is bound to happen. Such matters as veterans affairs payments and transitional grants are both diminishing items. But I wish to take this occasion to say that I am never one who looks on the balance sheet of a Canadian province, the revenue from that province, or the federal disbursements in the province as a fair test of the contribution the province makes. We have "have" provinces in this country, and certain provinces which do not collect as much revenue. I am not one who accepts that as a criterion of the place that province occupies in confederation.

Mr. PROBE: In section 23 it is stated that Canada will assume certain debts of the province of Newfoundland, and that the province itself will retain its surplus, as indicated in section 24. May I ask first of all in regard to section 23 whether there are in Newfoundland at the present time any arrears of debt for which Newfoundland is responsible, or for which she would be responsible if she were not entering confederation?

Mr. ABBOTT: No. The debt of Newfoundland has been fully serviced and all maturities have been met. The debt which Canada is assuming, as the Prime Minister explained, is its external debt, the debt which is payable in sterling. I am informed that all of that debt is now callable, if that is desired, at any time on three months' notice.

Mr. PROBE: With respect to the guarantees for corporations or institutions within Newfoundland, are they also up to date or are there arrears of debts for which Newfoundland has some responsibility?

Mr. ABBOTT: So far as I am aware — and I am sure I am correctly informed — all obligations of Newfoundland have been fully met.

Mr. MACNICOL[156]: Mr. Chairman, I agree with some of the remarks made by the minister. I do not think we should split hairs, or be too much

[156]Of the Progressive Conservative Party.

dre les cheveux en quatre ni trop nous inquiéter de ce que rapportera financièrement au Canada, dans un avenir rapproché ou éloigné, le rattachement de Terre-Neuve. L'île n'a pas eu toutes les occasions possibles de prouver sa valeur. Pour ma part, m'étant renseigné à fond sur la question, je suis convaincu qu'il y a moyen d'améliorer la situation. A mon sens, nous n'avons rien à craindre à cet égard.

On a parlé du chemin de fer. En premier lieu, je propose au ministre et au Gouvernement de rénover ce chemin de fer. Il voyage sur une voie étroite et met beaucoup trop de temps à faire le trajet de Port-aux-Basques à Saint-Jean. Plus le chemin de fer fera le voyage rapidement, plus il réalisera de bénéfices.

Je propose donc qu'on dresse une voie de largeur régulière. On devrait aussi ajouter des installations au havre de Port-aux-Basques afin que de gros navires, capables de transporter des wagons, puissent y être chargés et déchargés rapidement. Ne peut-on rêver de prendre, un jour, à Toronto un train pourvu de wagons-lits, et de rester à son bord jusqu'à Saint-Jean de Terre-Neuve? Je ne vois pas comment le chemin de fer pourrait rapporter des bénéfices, si les gens ne peuvent utiliser les inventions modernes.

Il faudra plusieurs années pour le faire. Mais plus tôt ce sera fait, plus vite le chemin de fer sera en mesure de produire un revenu. A l'heure actuelle, les voyageurs ne sont pas assez nombreux. J'ai trouvé le service général satisfaisant, mais j'étais un peu à l'étroit pour dormir. On pourra éviter cet ennui en mettant en service des voitures plus perfectionnées. Les repas étaient très satisfaisants.

Nous aurons l'occasion de favoriser le progrès non seulement du Canada mais aussi de la nouvelle province. Je n'hésiterais aucunement à en faciliter la mise en valeur. Terre-Neuve a de vastes réserves de bois à pâte. Si le député de Dufferin-Simcoe était présent, il pourrait expliquer bien mieux que moi les avantages qu'on peut tirer de ces ressources. A Terre-Neuve, les forêts se reboisent en trente ans, phénomène inconnu au Canada, bien qu'il se manifeste en Norvège. Jamais je n'ai vu une croissance aussi rapide qu'à Terre-Neuve. C'est l'humidité de l'air qui rend le climat de l'île favorable au reboisement rapide.

alarmed by a consideration of what Canada is going to get at the present time or in a certain number of years as a financial return from Newfoundland. The island has not had the opportunity it should have had. I have made an exhaustive survey of the facts, and I am convinced that it can do much better than it has done. I believe we have nothing to fear in that regard.

The railway has been mentioned. The first thing I would suggest to the minister and the government would be a plan for reservicing the railway for standard-gauge cars. It is a narrow-gauge line, and much more time is required to go from Port aux Basques to St. John's than should be required. The faster the trains could cover that distance, the more money would be made by the railway.

Therefore that is one of the first suggestions I would make, namely that it be made a standard-gauge line. Then I would suggest further equipment for the port of Port aux Basques so that larger ships, capable of carrying cars, could be unloaded quickly and reloaded rapidly at Port aux Basques. I can see myself at some time in the future boarding a train at Toronto, one properly equipped and having proper sleeping accommodation, and remaining on that train until I reached St. John's, Newfoundland. I do not see how the railway can be made to pay unless it is equipped so that people can travel on it in modern equipment.

It will take a few years to have that done; but the sooner it is done the sooner that railway will be able to produce a revenue. At the present time the passenger traffic on it is not as heavy as it should be. I have found the general service satisfactory, although the sleeping accommodation was a little cramped for me. However, a modern car would eliminate that difficulty. I found the meals quite satisfactory.

We will have an opportunity, not only to build up Canada but to build up this new province. I would not hedge at all in giving it opportunities to develop. It has vast resources of pulpwood. If the hon. member for Dufferin-Simcoe were here he could tell the committee much more effectively than I can just what results might be expected from that pulpwood. A condition exists there that does not exist in Canada or anywhere else that I know of, although it may in Norway, whereby the forests regrow in thirty years. I never saw such forest growth in my life as I saw in Newfoundland. This is brought about by the moisture content of the air and the ameliorating temperatures, the country being of course surrounded by water.

J'espère que le ministre ne se tourmentera pas à l'idée que nous ne pourrons peut-être pas remplir nos engagements. Si on lui en fournit l'occasion, Terre-Neuve se débrouillera. Jusqu'ici, elle n'a pas eu la chance de se tirer d'affaire. Cela s'applique également à l'industrie de la pêche. Il faut améliorer le service afin que les gens puissent voyager plus rapidement. Ils devraient écouler leurs produits dans un plus bref délai, ce qui permettra à leur commerce de devenir plus prospère. Plus il prendra de l'expansion, plus ces gens seront en mesure d'acheter nos produits.

Ayant comparé les prix que paie le consommateur à Terre-Neuve, j'ai constaté que la plupart des gens établis le long de la côte s'opposent à la confédération. J'ai fait valoir l'argument que le coût de la vie diminuerait, s'ils faisaient partie du Canada, parce que le taux actuel de leurs droits douaniers est élevé. J'ai découvert que le prix des épiceries ordinaires, — aliments et autres denrées, — dépassait de 50 à 100 p. 100 celui des mêmes articles au Canada. Une fois qu'ils auront l'occasion d'acheter à des prix comparables aux nôtres, ces gens augmenteront leurs achats. Les provinces aînées y trouveront leur avantage et les chemins de fer ayant plus de marchandises à transporter pourront réduire leur déficit.

Pour ma part, je me refuse à croire que Terre-Neuve causera des ennuis financiers au Canada. Je vois le beau côté des choses. Je crois l'union avantageuse pour le Canada. Nous pouvons travailler ensemble. Il nous faut donner à Terre-Neuve l'occasion de s'élever à notre niveau sous tous les rapports.

M. GREEN: Le Gouvernement a-t-il fait des projets en vue d'encourager l'industrie à Terre-Neuve? L'alinéa (c) du paragraphe (2) de l'article 24 se lit ainsi:

"(c) Aucune partie de l'excédent ne devra servir à subventionner la production ou la vente de produits de la province de Terre-Neuve en concurrence déloyale avec des produits semblables d'autres provinces du Canada, mais rien dans le présent alinéa n'empêchera la province de Terre-Neuve d'aider l'industrie en lui prêtant, à des conditions raisonnables, des sommes destinées à son expansion, ou au moyen de services administratifs provinciaux ordinaires."

Cela semble indiquer que le gouvernement provincial de Terre-Neuve aidera à la mise en valeur de l'industrie, mais je crois qu'il est de la plus haute importance que le gouvernement fédéral s'occupe lui aussi d'établir des industries là-bas. Le problème qui se pose sur le littoral occidental est à peu près le même. Le besoin d'aide

I hope the minister does not become distracted by thinking there is any possibility that we are not going to be able to carry out our obligations. Give the island a chance and it will pay its way. It has not had a chance up to the present. The same applies to the fisheries. The whole service should be made more rapid than it is today so that people may travel back and forth more quickly. They should be able to ship more rapidly the goods they sell and in that way develop their business. The more business they do, the more they will be able to buy from us.

I made a comparison of the costs to the consumer in Newfoundland. I found that people along the coast were generally opposed to confederation. One argument I used was that it would cost them much less to live if they were part of Canada because their present rates of duty are so high. I found that the cost of ordinary groceries, food and other articles was from fifty per cent to one hundred per cent more than in Canada. If these people are given an opportunity to buy at rates comparable to what we pay, they will buy much more. That will be better for the older provinces of Canada and it will help to reduce the deficits on the railroad by providing more freight.

I am for one not going to endorse the expectation that Newfoundland is going to embarrass Canada financially. I look at the bright side of things. I think union will be most helpful to Canada. We can work together. They should be given a chance to come up to our standards in every way.

Mr. GREEN: Has the government any plans in mind for the promoting of industry in Newfoundland? Section 24(2)(c) reads:

"(c) no part of the surplus shall be used to subsidize the production or sale of products of the province of Newfoundland in unfair competition with similar products of other provinces of Canada, but nothing in this paragraph shall preclude the province of Newfoundland from assisting industry by developmental loans on reasonable conditions or by ordinary provincial administrative services."

Apparently that contemplates that the provincial government of Newfoundland will assist in the development of industry, but I think it is of the utmost importance that the federal government should also promote the establishment of industries in Newfoundland. We have much the same kind of problem on the west coast. There is

de ce genre est plus considérable dans les provinces extrêmes que dans les provinces du centre. Le ministre pourrait-il nous dire si le Gouvernement songe à aider à l'établissement d'industries à Terre-Neuve.

L'hon. M. ABBOTT: Mon ami sait qu'il s'agit ici d'une question qui est surtout du ressort du ministre du Commerce. Celui-ci était à Terre-Neuve la semaine dernière et, avant lui, des fonctionnaires du ministère, estimant probable l'union, ont exécuté un relevé de la situation industrielle à Terre-Neuve. Ils ont cherché à voir ce qu'il était possible de faire et de quelle façon le gouvernement fédéral pouvait être de quelque secours, non seulement au cours de la période de transition, mais après, en ce qui concerne l'établissement d'industries susceptibles d'exister à Terre-Neuve.

L'alinéa auquel s'est arrêté mon honorable ami a été inscrit parce que, comme on peut le voir en lisant l'article lui-même, on a permis à Terre-Neuve de conserver son propre excédent, soit environ 26 millions. C'est une disposition assez étrange si on songe que le Canada assume la majeure partie de la dette mais on a estimé que c'était ce qu'il fallait faire. L'excédent a donc été remis au nouveau gouvernement provincial qui l'emploiera aux usages qu'il juge opportuns, dans l'intérêt de la province. Cependant, on a jugé qu'il ne conviendrait pas que ces fonds servent à subventionner la vente de produits de Terre-Neuve en concurrence déloyale avec les produits d'autres provinces. Les premières propositions relatives à l'union renfermaient cette condition et on l'a maintenue dans le présent accord.

M. GREEN: Le ministre a dit que la question de l'industrie relèverait du ministère du Commerce, mais je lui ferai remarquer que la Banque d'expansion industrielle relève du ministère des Finances. Comme cette banque pourrait rendre de précieux services à Terre-Neuve, j'aimerais savoir quelles mesures les dirigeants de ladite banque ont prises afin de déterminer de quelle manière il pourraient aider les habitants de Terre-Neuve.

L'hon. M. ABBOTT: Je suis heureux que l'honorable député ait soulevé ce point. La question est peut-être prématurée, mais la Banque d'expansion industrielle a l'intention d'ouvrir des bureaux à Terre-Neuve comme elle l'a fait dans les autres provinces. Bien entendu, la direction de cette banque non seulement consentira à favoriser l'expansion des industries à Terre-Neuve comme elle le fait dans les autres provinces du Canada mais elle désire vivement s'y employer.

a greater need for assistance of this kind in the remote provinces than there is in the central provinces. Can the minister tell us whether the government has in mind assisting the development of industries in Newfoundland.

Mr. ABBOTT: My hon. friend will appreciate that primarily this comes under the jurisdiction of the Minister of Trade and Commerce. The minister was down in Newfoundland last week, and prior to that officers of his department, acting on the assumption that union was probable, were down in Newfoundland going over the industrial situation and making a survey of what could be done and in what way the federal government could assist, not only during the transitional period but in the development of such industries as might be suitable to Newfoundland.

The paragraph to which my hon. friend has referred was put in because, as may be seen from the section itself, Newfoundland is being permitted to retain its surplus, which amounts to some $26 million. That is a rather unusual provision when the dominion is taking over most of the debt, but it was felt that it was quite proper that that should be done and the surplus made available to the new provincial government for whatever purposes it saw fit to use it in the interests of the province. However, it was felt that it would not be appropriate that it should be used to subsidize the sale of Newfoundland products so that they might enter into unfair competition with those of the other provinces. That was a condition in the original proposals for union and it was continued in this arrangement.

Mr. GREEN: The minister has said that this matter of industry would come under the Department of Trade and Commerce, but I would point out to him that the industrial development bank comes under the Department of Finance. It seems to me that that bank could be of great help in Newfoundland and I should like to know whether any steps have been taken by the industrial bank authorities to see in what way they can help out in Newfoundland.

Mr. ABBOTT: I am glad my hon. friend raised that point. It may be premature, but it is the intention of the industrial development bank to have offices in Newfoundland, as they have in other provinces. Naturally the management of that bank will be not only willing but anxious to do what is done in other provinces of Canada in assisting in the development of industries.

M. GREEN: J'espère qu'elle adoptera une attitude différente de celle qu'elle a prise ailleurs. Au cours des derniers mois nous avons entendu des plaintes dans l'Ouest au sujet de la Banque d'expansion industrielle, qui se fait tirer l'oreille pour aider l'industrie. Si elle adopte une attitude semblable à Terre-Neuve, les habitants de cette île ne pourront pas fonder de grands espoirs sur cette institution.

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L'hon. M. CLAXTON: Pour compléter la réponse de mon collègue à la question de l'honorable député de Vancouver-Sud au sujet du développement de l'industrie, je puis dire que, en prévision de la possibilité ou de la probabilité de l'entrée en vigueur de l'union le 31 mars, des représentants du ministère du Commerce sont allés à St-Jean. En outre, il existe à Ottawa un comité de hauts fonctionnaires chargés spécialement d'étudier les problèmes de la conservation et du progrès de l'industrie à Terre-Neuve. Par ailleurs une équipe de fonctionnaires s'est livrée à une enquête spéciale sur l'avenir et les possibilités des quelque soixante-quinze petites industries qui existent aujourd'hui à Terre-Neuve, afin de voir comment on pourrait les aider et les favoriser. Si le ministre du Commerce (M. Howe) était présent, il pourrait nous donner un ou deux exemples assez frappants de la manière dont, nous l'espérons, l'union aidera au progrès de l'industrie à Terre-Neuve.

M. GREEN: Le ministre de la Défense nationale connaît-il un plan précis destiné à aider l'industrie là-bas?

L'hon. M. CLAXTON: Oui. Certaines mesures ont déjà été prises pour satisfaire les besoins spéciaux de l'industrie terre-neuvienne, par exemple en ce qui concerne les matières premières.

M. le président suppléant: Nous sommes en ce moment saisis de l'article 24. Au moment où l'honorable député de Vancouver-Sud (M. Green) se levait, j'allais demander au comité s'il adoptait l'article 23. Pourrait-il le faire maintenant?

M. MACDONNELL (Muskoka-Ontario): Si je comprends bien il nous faut encore obtenir certains renseignements, au sujet de l'article 23, que le ministre des Finances doit nous donner demain, n'est-ce pas?

L'hon. M. ABBOTT: Peu importe que cette question se rattache à l'article 23 ou à l'article 24. En vertu de l'article 23 le Canada s'engage à assumer la dette de Terre-Neuve. J'ai promis au député de Rosedale de lui fournir un état des dé-

Mr. GREEN: I hope they will adopt a different attitude from that adopted elsewhere. During recent months we have been receiving complaints in the west that the industrial development bank is getting very sticky about assisting industry. If they adopt a policy of that kind in Newfoundland there will not be a very bright outlook for the people there.

. . .

Mr. CLAXTON: I should like to supplement the answer of my colleague to the question put by the hon. member for Vancouver South about the promotion of industry. I can say that, in anticipation of the possibility or probability that union would take place on March 31, officers of the Department of Trade and Commerce were sent to St. John's. There is also a committee of senior officials in Ottawa specially appointed to deal with problems of the continuation and development of industry in Newfoundland. Further, a special inquiry was made by a team of officials into the prospects and outlook of the seventy-five relatively small industries that exist in Newfoundland to see by what means they could be assisted and encouraged. If the Minister of Trade and Commerce were here he would, I think, be able to give one or two rather striking illustrations of the way in which we expect that union will assist the development of industry in Newfoundland.

Mr. GREEN: Does the Minister of National Defence know of any definite plan for assisting industry there?

Mr. CLAXTON: Yes. Some steps have already been taken to meet certain special needs of Newfoundland industry — for example, in the supply of raw materials.

The Deputy Chairman: We are dealing with section 24. When the hon. member for Vancouver South rose I was just about to ask the committee if they would carry section 23. I wonder if they would do that now?

Mr. MACDONNELL (Muskoka-Ontario): As I understand it, we still have to get certain information which has been asked for under section 23, and which the Minister of Finance is to give us tomorrow.

Mr. ABBOTT: Whether it comes under section 23 or section 24 is immaterial. Section 23 happens to relate to the assumption of the debt. I undertook to obtain for the hon. member for Rosedale, and I should be able to have it at the

penses par chapitres principaux, et je devrais pouvoir lui communiquer ces renseignements à l'ouverture de la séance demain. Je ne pourrai pas lui donner les détails relativement aux différents services, mais j'imagine que le comité désire connaître les principaux chapitres de cette dépense de 50 millions. J'espère pouvoir lui fournir ces renseignements demain après-midi. Ces chiffres comprennent, bien entendu, plusieurs dépenses extraordinaires. Il y a des montants qu'il faut verser en règlement d'avances comptables, pour la prise de possession de denrées de consommation, et autres choses de ce genre, dont il est question dans le document. Je fournirai ces renseignements au comité demain après-midi.

M. MACDONNELL (Muskoka-Ontario): Je demanderais qu'on réserve l'article 23. Il est préférable de réserver un article pour étude subséquente que de continuer de l'étudier quand il est censé avoir été adopté. Dans ce dernier cas nous ne sommes pas aussi à l'aise pour poser des questions.

M. le président suppléant: Je ferai remarquer à l'honorable député que je désirais simplement qu'on suive la procédure régulière. Je voulais qu'il n'y ait pas de malentendu, mais si le comité désire réserver l'article 23, c'est parfait.

L'hon. M. ABBOTT: Par exemple, je pourrais fournir le renseignement lors de l'examen de l'article 26, qui a trait aux subventions accordées à Terre-Neuve. Il importe peu, à mon sens, que je fournisse le renseignement à l'occasion de l'étude d'un article ou d'un autre.

M. JACKMAN: Le ministre a eu l'amabilité de nous dire qu'il donnerait la ventilation des dépenses probables. Voudrait-il également nous fournir une répartition des recettes fédérales estimatives? On nous a mentionné deux chiffres: 20 millions et 27 millions de dollars. Je suis sûr que chacun des postes qui composent ces montants, — la brochure en énumère neuf ou dix, — ont fait l'objet d'une longue discussion entre nos représentants et ceux de Terre-Neuve. Nous avons droit de savoir, je crois, sur quoi se fonde l'estimation raisonnable.

L'hon. M. ABBOTT: Je puis fournir le renseignement immédiatement. Je l'ai sous la main si mon collègue le désire. Cependant, je devrai remettre à demain celui qui a trait aux dépenses.

M. JACKMAN: Si le ministre voulait le déposer, ce serait bien suffisant, je crois.

L'hon. M. ABBOTT: Je pourrais peut-être attendre jusqu'à demain après-midi et le déposer en même temps que l'autre document.

opening of the house tomorrow afternoon, a statement by main heads of the major items of expenditure. I could not give it to him broken down by individual departments, but I presume the committee want to know the main headings showing how the figure of $50 million which I have given is made up. I hope to be able to have that tomorrow afternoon. There are, of course, a great many non-recurring items in that figure. There are amounts which have to be paid in adjustment of accountable advances, taking over consumable stores, and that sort of thing, which are referred to in the document. I will have that statement available for the committee tomorrow afternoon.

Mr. MACDONNELL (Muskoka-Ontario): I would suggest that section 23 be left over. It seems to me it is always better to have a section still under review, and not be discussing it afterwards when it is supposed to have been passed. Then we seem to be at a disadvantage in asking questions.

The Deputy Chairman: I should like to say to the hon. member that the only point I had in mind was to keep things in order. I wanted to keep the record straight. But if the committee decides to let section 23 stand, that is all right.

Mr. ABBOTT: For instance, I could give the information under section 26, which provides for the financial payments to Newfoundland. I think it is immaterial under which section I give it.

Mr. JACKMAN: The minister has been good enough to say he will give a breakdown of probable expenditures. Will he also give us a breakdown of the estimated federal revenue? We have been given two figures, $20 million and $27 million. I am sure that each of the items which go to make that up — and there are about nine or ten listed in the pamphlet — was the subject of considerable discussion between our delegation and the Newfoundland delegation. I believe we are entitled to know on what the estimate is based.

Mr. ABBOTT: I could give that at once. I have that here if my hon. friend wishes it, but I have to put the expenditure item over until tomorrow.

Mr. JACKMAN: If the minister would table it, I think it might be quite adequate.

Mr. ABBOTT: Perhaps I might do that at the same time tomorrow afternoon.

M. JACKMAN: Le ministre peut-il dire s'il existe des ententes fiscales entre Terre-Neuve et des contribuables de l'ancien dominion et, dans le cas de l'affirmative, si le Canada entend faire honneur à ces engagements?

L'hon. M. ABBOTT: A propos des accords auxquels l'honorable député fait allusion, la colonie ou le dominion de Terre-Neuve a conclu avec des sociétés établies là-bas certains accords en matière d'exemption d'impôt et de droits de douane. Le paragraphe 4 de l'article 27 des conditions de l'union se lit ainsi qu'il suit:

"Le gouvernement de la province de Terre-Neuve ne pourra être tenu, aux termes d'un accord conclu en conformité de la présente clause, de prélever d'une personne ou corporation quelconque un impôt incompatible avec les dispositions de tout contrat passé avec ladite personne ou corporation avant la date de l'accord et alors en vigueur."

La "condition" dont il est ici question a permis à Terre-Neuve de conclure un accord fiscal avec le Dominion. Les accords prévoyant des exemptions d'impôt, dont vient de parler l'honorable député, ont été conclus avec le gouvernement de Terre-Neuve et non avec celui du Canada. C'est le Parlement qui décidera la ligne de conduite à suivre relativement à ces accords.

M. JACKMAN: Le ministre ne veut pas nous dire quelle ligne de conduite, selon lui, serait juste en l'occurrence? Après tout, il existe là-bas des accords avec de hautes parties contractantes, avec certaines puissances souveraines. Je suppose que ces accords seraient respectés de la même façon que les accords fiscaux. En d'autres termes, le ministre nous dira-t-il si l'on appliquera un programme différent selon qu'il s'agit d'une haute partie contractante, les États-Unis par exemple, ou d'un simple contribuable?

L'hon. M. ABBOTT: Les accords dont parle l'honorable député sont des contrats. Rien, dans les conditions de l'union, ne privent les parties contractantes, les bénéficiaires de ces exemptions d'impôts, des droits qui leur sont acquis. Terre-Neuve devient une province canadienne, et les habitants de Terre-Neuve deviennent assujettis aux lois canadiennes.

M. le président suppléant: A l'ordre!

M. FLEMING: Il est un point que j'aimerais soulever. On a proposé que les renseignements soient déposés. Je crois qu'ils devraient être consignés au compte rendu.

Mr. JACKMAN: May I ask the minister whether or not there are any outstanding tax agreements between Newfoundland and any taxpayers in the former dominion. If there are any such agreements, is it to be the policy of Canada to honour them?

Mr. ABBOTT: On the question of the agreements to which my hon. friend refers, the colony or dominion of Newfoundland has entered into agreements, for income-tax concessions and customs concessions, with certain corporations in Newfoundland. In the terms of union there is a provision, section 27, subsection 4, which reads:

"The government of the province of Newfoundland shall not, by any agreement entered into pursuant to this term, be required to impose on any person or corporation taxation repugnant to the provisions of any contract entered into with such person or corporation before the date of the agreement and subsisting at the date of the agreement."

The "term" referred to in that clause is the term enabling them to have a tax agreement with the dominion. The tax concession agreements to which my hon. friend has referred are agreements which of course were entered into with the government of Newfoundland and not with the government of Canada. The policy to be followed with respect to those agreements will be a matter for this parliament to decide.

Mr. JACKMAN: The minister does not care to express an opinion on the policy which he thinks would be a fair one in the circumstances? After all, there are certain agreements in Newfoundland with high contracting parties, certain sovereign powers. I presume those agreements might be respected in the same way as taxation agreements. In other words, would the minister care to say whether the policy in the case of a high contracting party such as the United States will be different from the policy for an ordinary taxpayer?

Mr. ABBOTT: Of course, the agreements to which my hon. friend refers are contracts, and there is in the terms of union nothing that deprives the contracting parties, the beneficiaries of these tax concessions, of any legal right which they have. Newfoundland will of course become a province of Canada, and residents of Newfoundland will become subject to Canadian laws.

The Deputy Chairman: Order.

Mr. FLEMING: There is one point I should like to raise. Someone suggested that the information should be tabled. I suggest that it ought to be put right into *Hansard*.

L'hon. M. ABBOTT: Comme ils ne sont pas très longs et que la proposition de l'honorable député me semble juste, je consignerai au hansard, au début de l'après-midi de demain, les rubriques des dépenses estimatives et celles des revenus estimatifs.

(Les articles 23 et 24 sont réservés.)

Rapport est fait de l'état de la question.

. . .

Mr. ABBOTT: It is not lengthy, and I think my hon. friend's suggestion is a fair one. I will put on *Hansard* early tomorrow afternoon the heads of estimated expenditures and the heads of estimated revenues.

Sections 23 and 24 stand.

Progress reported.

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Extraits des débats de la Chambre des Communes[157]

Extracts from Debates of the House of Commons[157]

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TERRE-NEUVE

APPROBATION DES CONDITIONS DE L'UNION AVEC LE CANADA

La Chambre en comité, sous la présidence de M. Macdonald (Brantford), reprend l'examen, interrompu le mercredi 9 février, du bill nº 11 ayant pour objet d'approuver les conditions de l'union de Terre-Neuve et du Canada.

M. le président: Quand le comité a levé la séance, hier soir, l'article 23 avait été réservé.

Sur l'article 23 (dette).

L'hon. DOUGLAS ABBOTT (ministre des Finances): Avant la levée de la séance, hier après-midi, j'ai promis au député de Rosedale (M. Jackman) de fournir au comité certaines données estimatives sur les dépenses et les revenus du Dominion à Terre-Neuve. Je suis en mesure de les communiquer immédiatement.

Je dois dire, cependant, que je consigne ces chiffres au compte rendu un peu à contre-coeur, car ils peuvent être mal compris et mal interprétés par ceux qui ignorent comment ils ont été établis. Il est extrêmement difficile, sinon impossible, de faire le calcul exact des revenus tirés d'une province quelconque. Il est déjà assez difficile, j'en sais quelque chose, de calculer quels sont au juste les revenus futurs du pays tout entier; mais il n'y a presque pas moyen de déterminer, par exemple, ce que rapporteront les droits de douane dans une province en particulier. Le mieux qu'on puisse faire, c'est de conjecturer à la lumière des renseignements qu'on possède.

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NEWFOUNDLAND

APPROVAL OF TERMS OF UNION WITH CANADA

The house resumed from Wednesday, February 9, consideration in committee of Bill No. 11, to approve the terms of union of Newfoundland with Canada — Mr. St. Laurent — Mr. Macdonald (Brantford City) in the chair.

The Chairman: When the committee rose last night, section 23 had been allowed to stand.

On section 23 — *Debt*.

Hon. DOUGLAS ABBOTT (Minister of Finance): When the committee rose yesterday afternoon I had promised the hon. member for Rosedale (Mr. Jackman) that I would get and give to the committee information respecting estimates of federal revenues and expenditures in Newfoundland. I am prepared to give those estimates now.

First, may I say that it is with some hesitation that I put these figures on the record, because, unless one understands the basis upon which they are prepared, they may be misinterpreted and misunderstood. It is extremely difficult, in fact almost impossible, to make an accurate calculation of revenues derived from a particular province. It is difficult enough, as I have reason to know, to make an accurate calculation of future revenues from the whole of the country. But to determine, for example, the matter of customs duties derived from a particular province is almost impossible. In that respect, at best it can only be an informed guess.

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[157]Canada, Chambre des Communes, *Débats*, 1949, volume 1, pp. 432-4, 436-7, 440-4, 446, 449, 451-3, 455-6, 463, 476-80. Ce débat a eu lieu le 10 février.

[157]Canada, House of Commons, *Debates*, 1949, Volume 1, pp. 418-20, 421-2, 426-30, 431, 434, 436-8, 440-2, 448, 461-5. This debate took place on February 10.

Dans le cas de Terre-Neuve, il nous a été particulièrement difficile de prévoir juste, à cause des sérieux changements qui se produiront dans l'économie de la province une fois l'union accomplie. La situation commerciale pourra changer jusqu'à un certain point par suite de l'élimination des barrières douanières entre le Canada et Terre-Neuve. D'ailleurs, la statistique n'est pas aussi développée à Terre-Neuve qu'au Canada. Cependant, quand les délégués de la Convention nationale sont venus à Ottawa en 1947, nous avons tenté une approximation du supplément de revenu que nous vaudrait l'union. Ce sont les chiffres qui ont paru dans le Livre blanc du 29 octobre 1947. A ce moment, nous ne connaissions pas aussi bien qu'aujourd'hui la situation économique de Terre-Neuve et quelques-unes des estimations ont été basées sur des suppositions plutôt erronées.

Mais s'il nous faut rectifier ces chiffres, ce n'est pas tant parce que nous sommes maintenant mieux renseignés, mais plutôt parce que le revenu national de Terre-Neuve a subi une hausse constante que nous n'avions pas prévue en 1947. Les députés se rappelleront que pour la même année nos propres prévisions budgétaires des revenus étaient un peu basses pour exactement la même raison. Comme on l'a indiqué l'autre jour, lorsqu'ils étaient à Ottawa l'été dernier, les délégués de Terre-Neuve ont soumis des estimations revisées de ce qu'ils prévoyaient être les revenus additionnels que recevrait le Canada. Des fonctionnaires de mon ministère ont étudié ces estimations et ils sont portés à croire qu'elles se rapprochent de la vérité beaucoup plus que les estimations de l'année précédente. C'est sans doute dans une certaine mesure parce que les Terre-neuviens sont mieux au courant des conditions régionales de l'île et aussi parce que les revenus de 1947 ont dépassé nos prévisions et ont continué d'augmenter par la suite. Je désire consigner au compte rendu un tableau comparatif indiquant les chiffres des deux années. Voici:[157a]

Advenant une critique de l'un quelconque des chiffres revisés qui se rapportent aux recettes, je serais porté à croire que l'estimation faite du produit de l'impôt sur le revenu des particuliers est trop élevée. Toutefois, ainsi que je l'ai déjà dit, ces chiffres ne reposent que sur des conjectures et ils peuvent comporter des erreurs de plusieurs millions de dollars. De plus, ils sont fondés sur les barèmes actuels d'impôts, et partant ils ne

[157a]Voir l'appendice I.

In the case of Newfoundland it was particularly difficult to make an accurate forecast, because substantial changes will occur in the economy of the province at the time of union. The whole course of trade may be altered to some extent through the elimination of tariff barriers between Canada and Newfoundland. In addition, the Newfoundland statistics are not as well developed as statistics here in Canada. However, when the delegates from the national convention were in Ottawa in 1947, we did endeavour to make a rough estimate of the probable additions to Canadian revenue as a result of the union. Those are the figures which appear in the white paper of October 29, 1947. At that time our knowledge of the Newfoundland economy was somewhat less complete than it is today, and some of the estimates were based on faulty assumptions.

The most important reason for making alterations in the figures, however, is not the improvement in the sources of information, but the continued rise in the national income of Newfoundland, which was not foreseen in 1947. As hon. members will recall, our own budget estimate of revenues for that year was on the low side, and for exactly the same reason. As was indicated the other day, when the Newfoundland delegation were in Ottawa last summer they submitted revised estimates of what they considered would be the additions to our Canadian revenue. Officers of my department have gone over those estimates, and they are inclined to think that they are probably much closer to the truth than the estimates prepared the year before. This is partly due to the fact that the Newfoundlanders themselves have a closer acquaintance with local conditions and also that revenues were higher in 1947 than we had estimated and have risen still higher. I should like to place on *Hansard* a statement giving the comparative figures for the two years. The statement follows:[157a]

If any of the revised figures for revenue were to be criticized I would be inclined to think that the personal income tax figure is on the high side. But as I have said, these can at best be but guesses and subject to errors which might well run into several million dollars. Moreover, they are based on present rates of taxes and are therefore valid just as long as the present rates are in effect. That is another reason why I hesitate to

[157a]See Appendix I.

peuvent demeurer valides qu'aussi longtemps que les taux actuels seront applicables. C'est là une autre des raisons qui me font hésiter à les présenter comme témoignant de l'existence de sources permanentes de revenus pour une longue période.

En ce qui a trait aux dépenses, je tiens tout d'abord à signaler que les chiffres dont certains députés ont fait mention et qui ont été communiqués à la délégation de la Convention nationale, étaient fondés sur des estimations du coût de l'extension des services fédéraux à Terre-Neuve pour une année caractéristique plutôt que pour une année particulière. Si les députés veulent bien examiner le tableau qui suit, consigné dans le Livre blanc, ils constateront que ce point y est clairement exposé. Par conséquent, aucune des dépenses temporaires ou inaccoutumées qui pouvaient être prévues au moment de l'union ne pouvait être comprise.

C'est là une des raisons qui expliquent que les chiffres diffèrent beaucoup des estimations de 1947. Pour m'exprimer autrement, je dirai que les estimations de 1949-1950 ont été dressées alors que la plupart des frais pouvaient être prévus, tandis que les estimations de 1947 ne faisaient qu'indiquer dans quelle mesure les dépenses fédérales pourraient s'accroître en quelque future année caractéristique.

Voici le tableau:[157b]

Les membres du comité le savent, les frais ainsi que les revenus ont augmenté depuis 1947, et cela pour à peu près les mêmes motifs. On s'attend par exemple que les versements relatifs aux accords fiscaux dépassent d'un million la somme prévue en 1947. Un troisième motif de l'augmentation des frais, — c'est-à-dire des dépenses qui constituent des frais pour le Trésor du Dominion, — c'est que les conditions de l'union accordent à Terre-Neuve certains avantages supplémentaires qui ne figurent pas aux propositions primitives, par exemple, les crédits de rétablissement aux anciens combattants. Il est aussi prévu que le Canada prendra la succession de certains services, — en particulier ceux des pêcheries, — que devait d'abord conserver la nouvelle province. Puis le gouvernement canadien a inauguré un régime de subventions à l'hygiène publique dont Terre-Neuve profitera sûrement beaucoup.

En jetant un coup d'oeil sur les estimations que m'ont soumises cette année les divers ministères, je constate qu'elles ne peuvent du tout se comparer avec celles de 1947. Dans un cas, — celui du

[157b]Voir l'appendice J.

put them forward as indicating permanent sources of revenue over the long pull.

Then with regard to expenditures, first of all I would draw the attention of the committee to the fact that the figures to which some hon. members have referred and which were given to the delegation from the national convention were based on estimates of the cost of extending federal services to Newfoundland in a typical year rather than in a particular year. If hon. members will examine the table in the white paper that follows they will see that that point is brought out very clearly. Therefore, none of the temporary or unusual expenditures that might be expected at the time of union could be included.

That is one reason why the figures are quite different from the 1947 estimates. Let me put it another way. The 1949-50 estimates were made when most of the costs could be foreseen and provided for, whereas the 1947 estimates were merely an indication of how much federal expenditures might be increased in some typical future year.

The table follows:[157b]

As hon. members of the committee are well aware, costs as well as revenue have risen since 1947, and for much the same reason. For example, the tax agreement payments are expected to be at least $1 million higher than the 1947 estimate. A third reason why costs are higher — I am referring here to expenditures which are a cost to the dominion treasury — is the fact that the terms of union extend to Newfoundland certain additional benefits which were not in the original proposals, such as re-establishment credits to veterans. It is also provided that Canada will take over certain services which it was originally contemplated would remain with the new province. In that regard I am thinking particularly of certain fisheries services. Then the Canadian government has introduced a system of health grants in which Newfoundland would undoubtedly participate on a major scale.

On looking over the estimates which have been submitted to me this year by the various departments I find that they are not altogether comparable with the estimates prepared in 1947. In one

[157b]See Appendix J.

ministère des Transports, — les chiffres ont été inscrits globalement, sans compensation des revenus à l'égard des services aériens et autres. Dans la statistique de 1949-1950, j'ai fait quelques rectifications.

Encore une fois, les chiffres que je viens de donner ne sont qu'estimatifs, le conseil du Trésor n'en a pas terminé l'examen détaillé, et les estimations effectuées par les ministères ne sont pas définitives. Sauf erreur, les dépenses totales, sous ces rubriques, se chiffrent par environ $50,200,000.

On n'a pas encore établi une estimation de tout repos au sujet du déficit ferroviaire possible, mais je puis dire que, primitivement, on a calculé que le déficit d'exploitation du réseau terre-neuvien serait d'environ un million et demi.

A noter, une fois de plus, que ces estimations sont les plus précises que je puisse fournir dans le moment; on ne doit pas les tenir pour définitives. Je l'ai dit, les chiffres n'ont pas encore été examinés et approuvés définitivement.

. . .

M. NICHOLSON: Le ministre des Transports voudra bien m'accorder son attention quelques instants. Il était absent hier lorsque j'ai abordé le problème des transports à Terre-Neuve. J'ai signalé la partie II du compte rendu des réunions des deux délégations, où il est dit qu'il faudra dépenser annuellement environ un million de dollars pendant les dix prochaines années pour mettre le chemin de fer en bon état, et affecter 7 millions à l'achat de matériel roulant. Une note précise que le déficit pour 1944-1945 s'est élevé à $525,000, et pour 1945-1946, à $698,000.

Le très hon. M. ST. LAURENT: L'honorable député me permettra-t-il de lui faire remarquer qu'il ferait probablement mieux d'attendre que nous soyons parvenus à l'alinéa (a) de l'article 31, où il est stipulé que le gouvernement canadien prendra ce chemin de fer à son compte et en assumera l'exploitation.

M. NICHOLSON: Ce sont surtout les aspects financiers de la question que je veux examiner. Le ministre des Finances a donné une estimation très basse. Le ministre des Finances a donné une première estimation en se basant sur les rapports antérieurs, mais le ministre des Transports n'était pas ici, hier, quand j'ai mentionné que les tarifs de transport des marchandises, à Terre-Neuve, sont à peu près le double de ceux des provinces Maritimes. Dans le présent rapport, je constate que le tarif actuel pour le transport de

case, that of the Department of Transport, figures have been put in on a gross basis with no account being taken of offsetting revenues in connection with air services and so on. In the figures for 1949-50 I have made some offsets.

I want to stress again that the figures I have given are only estimates and that detailed consideration by the treasury board has not yet been completed. Also the departmental estimates as such have not been finalized, if I may use that word. The total of expenditures under these headings, if my addition is right, is approximately $50,200,000.

No firm estimate has yet been made of possible railway deficit, but I might say that it was originally estimated that the deficit on the operations of the Newfoundland railway would run to something over $1,500,000.

I cannot stress too strongly that these are only the best estimates that I can give at the moment and we must not be held to them as being firm figures. As I said before, detailed estimates have not yet been finally considered and approved.

. . .

Mr. NICHOLSON: I should like to have the ear of the Minister of Transport for a few minutes. He was not present yesterday when I raised the problem of transportation in Newfoundland. I drew attention to part II of the report of meetings between the two delegations, which mentions that in connection with the railway it will cost approximately a million dollars a year for the next ten years to place the railway in condition, and $7 million for rolling stock. There is a note to the effect that the deficit for 1944-45 amounted to $525,000, and for 1945-46 it amounted to $698,000.

Mr. ST. LAURENT: Would the hon. member permit me to say that I think he should probably wait until we are dealing with paragraph (a) of section 31 which refers in terms to the Newfoundland railway, the taking over of that railway, and the carrying on of its operations by the Canadian government.

Mr. NICHOLSON: The financial aspects are really what I wanted to discuss. The Minister of Finance gave a very low estimate. The Minister of Finance gave an early estimate, I would think, in the light of past performance, and the Minister of Transport was not here yesterday when I mentioned that freight rates in Newfoundland are about twice as high as in the maritimes. In this report I find that the present rate on whale oil from St. John's to Moncton is $1.25, while the projected rate under the Maritime Freight Rates

l'huile de baleine de Saint-Jean à Moncton est de $1.25, tandis que le tarif projeté d'après la loi des taux de transport des marchandises dans les provinces Maritimes est de 60c. Les tarifs comparatifs de transport du guano de baleine sont de $1.25 et 60c; graines rouges (lingonberries), $1.65 et 90c; filets de morue, $1.40 et 75c. Il en est de même à l'égard des denrées qui entrent à Saint-Jean. Le tarif de transport de la viande fraîche venant de Moncton est de $1.24 et le nouveau tarif sera de 73c. Le tarif à l'égard du lait concentré est de $1.58, tandis que le nouveau tarif sera de $1. Je crois aussi que les salaires actuels à Terre-Neuve sont beaucoup plus bas qu'au Canada, mais qu'ils seront relevés afin d'être comparables à ceux de notre pays. Le ministre des Transports pourrait-il nous indiquer comment il s'y est pris pour arriver à une estimation d'un million et demi de dollars?

L'hon. M. ABBOTT: J'ai dit qu'il s'agissait d'une première estimation, établie en 1947; aussi ne faut-il pas s'en tenir de trop près à ces chiffres. Jusqu'ici, nous n'avons pas fait d'autres calculs que ceux dont je viens de donner le résultat.

M. NICHOLSON: Le ministre n'a-t-il pas révisé ses chiffres hier? Quelque membre du cabinet devrait, il me semble, nous fournir des estimations plus récentes afin que nous ayons une idée plus nette de la situation actuelle. J'imagine que, dans quelques semaines, le ministre des Finances soumettra à la Chambre des crédits supplémentaires, de sorte qu'il devrait être en mesure de nous renseigner dès maintenant.

L'hon M. CHEVRIER: Je puis peut-être répondre d'une façon générale aux questions de l'honorable député. Sauf erreur, il soulève maintenant trois points. Je n'ai pas, cependant, pris connaissance des questions qu'il a posées hier. Je regrette d'avoir dû m'absenter. Au point de vue des finances nous savons, selon les renseignements à notre disposition, que le chemin de fer de Terre-Neuve adopte le régime de l'année financière et qu'il a accusé, pour 1948, un déficit d'environ 2.2 millions. Si les chemins de fer Nationaux du Canada absorbent cette entreprise, conformément à l'article 31, l'accroissement du prix du matériel, des salaires, et les autres frais relatifs à l'exploitation du chemin de fer de Terre-Neuve porteront le déficit aux environs de 3 millions, peut-être à 2.8 millions.

L'honorable député s'est aussi enquis des salaires. Le salaire des cheminots du chemin de fer de Terre-Neuve sera sans aucun doute porté au niveau de celui des cheminots des chemins de fer Nationaux du Canada.

Act is 60 cents. The rates on whale guano are $1.25 and 60 cents; on lingonberries, $1.65 and 90 cents; on cod fillets, $1.40 and 75 cents. The same thing applies to commodities moving to St. John's. The rate on fresh meat from Moncton is $1.24, and the new rate will be 73 cents. The rate on condensed milk is $1.58, and the new rate will be $1. I also understand that present wages in Newfoundland are a good deal lower than in Canada, and that they are to be brought up to Canadian rates. I wonder if the Minister of Transport will indicate how the estimate of one and a half million dollars was reached.

Mr. ABBOTT: I said that was an early estimate, and we must not be held too closely to it. That estimate was made in 1947. As yet we have made no estimate beyond that which I gave today.

Mr. NICHOLSON: I think the minister revised his figures yesterday. I believe some member of the government should bring us up to date and give us some idea of the situation. Before many weeks I imagine the Minister of Finance will have to bring supplementary estimates before the house, and I should think at this stage he would be able to give us some idea.

Mr. CHEVRIER: Perhaps I can answer in a general way the questions the hon. gentleman has in mind. I believe he is raising three points now, though I did not see the questions he asked yesterday, and I am sorry I was not here at the time. In reference to the present financial position of the Newfoundland railway, the information we have at the moment is that it operates on a fiscal year basis, and that for the year 1948 there is a deficit of something in the neighbourhood of $2,200,000; and that if the Canadian National Railways were to take it over under the terms of section 31, because of the increased cost of materials, the increased wages and other incidentals in connection with the Newfoundland railway, the deficit would be in the neighbourhood of $3 million, perhaps $2,800,000 odd.

Then the hon. gentleman asked about the matter of wages. Unquestionably the wages of the employees of the Newfoundland railway will be brought up to the level of those of the Canadian National Railways.

Il a posé certaines questions à l'égard du tarif. Il m'est impossible d'exposer le tarif dans le détail; ce serait assez long et la question comporterait une foule de données techniques. Je puis lui assurer, toutefois, qu'on a l'intention d'appliquer à la nouvelle province de Terre-Neuve le même tarif de base que celui qui s'applique aujourd'hui à la région des provinces Maritimes. En d'autres termes, le tarif de base en vigueur dans les trois provinces Maritimes s'appliquera à Terre-Neuve. A mon avis, il en résultera une réduction appréciable du tarif. Il serait cependant difficile d'en déterminer le pourcentage, parce qu'il y a des centaines et des milliers de tarifs. Si le National-Canadien prend la succession du chemin de fer terre-neuvien, il soumettra à la Commission des transports le barème de base s'appliquant à l'île. Ceux qui, par la suite, se croiraient lésés, pourraient, conformément à la loi des chemins de fer, interjeter appel auprès de la Commission, qui prendrait une décision. J'apprends de source assez sûre que le tarif sera sensiblement inférieur à celui qui est présentement en vigueur à Terre-Neuve.

Je crois avoir répondu aux principales questions de l'honorable député.

M. NICHOLSON: Je me demande si le déficit de 3 millions dont a parlé le ministre comprend le million qu'on se propose d'affecter chaque année pendant dix ans à l'amélioration du réseau. Sauf erreur, il est question d'affecter, au cours d'une période de dix ans, une somme de 10 millions afin d'améliorer le réseau.

L'hon. M. CHEVRIER: Non; il ne s'agit que du déficit d'exploitation.

M. NICHOLSON: D'après le tarif inférieur ou le tarif actuel?

L'hon. M. CHEVRIER: Je suppose qu'il se fonde sur le tarif qui s'appliquera après l'union. Mon honorable ami parle de dépenses portant sur une période de quelques années. Il est prévu qu'en 1949 les chemins de fer Nationaux du Canada affecteront la somme de $925,000 à du matériel déjà commandé par le réseau terre-neuvien et un demi-million à des additions et améliorations.

. . .

M. l'Orateur [président] suppléant: L'article 24 est-il adopté?

M. MACDONNELL (Muskoka-Ontario): Non. J'ai une question à poser à propos de l'alinéa (a) du paragraphe 2 de l'article 24. Si je comprends bien, cet alinéa prescrit que le tiers de

He also asked some questions in reference to rates. I am unable to go into the detailed rate structure, which would be a matter of some length and would require a great deal of technical knowledge. I can tell him, however, that it is the intention to apply to the new province of Newfoundland the same basic rate structure which now applies to the maritime region. In other words, the basic rate structure which exists today in the three maritime provinces would be made applicable to the province of Newfoundland. That would mean, I should think, a considerable decrease in those rates. What it may be in the way of percentage it is difficult to say, because there are hundreds and even thousands of rates. The Canadian National Railways, were they to take over the Newfoundland railway, would file with the board of transport commissioners the basic rate structure for the island, and thereafter anyone who felt discriminated against could make an application to the board in accordance with the terms of the Railway Act and have his case ajudicated upon. I am informed upon fairly good authority that rates will be substantially lower than they are in Newfoundland at the present time.

I think I have covered the main points raised by my hon. friend.

Mr. NICHOLSON: I wonder if the $3 million deficit mentioned by the minister included the proposed expenditure of $1 million a year for ten years on improving the road. I believe the expenditure of $10 million over a ten-year period is mentioned in order to put the line in better shape.

Mr. CHEVRIER: No; this is an operating deficit only.

Mr. NICHOLSON: On the basis of the lower rates or on the basis of the prevailing rates?

Mr. CHEVRIER: I would think it would be on the basis of the rates that will be made applicable after union. When my hon. friend refers to the expenditure over a period of some years, there is provision for capital expenditure in 1949 by the Canadian National Railways of $925,000 for equipment already ordered by the Newfoundland railway, and $500,000 for additions and betterments.

. . .

The Deputy Chairman: Shall section 24 carry?

Mr. MACDONNELL (Muskoka-Ontario): No. I should like to ask a question on paragraph (a) of subsection 2 of section 24. As I understand it, the basis of this paragraph is that one-third of

l'excédent servira à constituer une réserve dans laquelle on puisera pour ajouter aux revenus obtenus au cours de la période de huit ans.

M. ABBOTT: Cette disposition a été insérée à la demande de la députation de Terre-Neuve. D'après les prévisions les plus récentes, l'excédent, exprimé en dollars du Canada, atteindra $26,243,035.06. La province de Terre-Neuve conserve cette somme. Étant donné la difficulté de prévoir avec exactitude les revenus provinciaux et les finances des provinces en général, la députation terre-neuvienne a cru qu'il convenait d'insérer dans les conditions de l'union une disposition visant à rendre disponible, durant cette période, le tiers de l'excédent, afin de combler les déficits possibles de l'exploitation courante. Le reste pourrait être affecté à des immobilisations, à la mise en valeur ou à toute autre fin. Ce sont les représentants de Terre-Neuve eux-mêmes qui ont proposé d'insérer cette clause dans les conditions de l'union.

M. MACDONNELL (Muskoka-Ontario): Aurais-je raison de supposer qu'on a fait un calcul et qu'on disposait de chiffres indiquant l'allure à laquelle l'excédent s'épuisera probablement?

L'hon. M. ABBOTT: Non, les chiffres n'indiquent réellement pas l'allure à laquelle on dépensera ces fonds. On a pensé que les premières années pourraient fort bien accuser des déficits, et qu'à tout événement cette somme devait être disponible à cette fin.

M. MACDONNELL (Muskoka-Ontario): Je ne voudrais pas trop insister. Je modifierai donc quelque peu ma question. A-t-on présenté d'autres chiffres, — peut-être les représentants de Terre-Neuve l'ont-ils fait, — pouvant laisser croire que ce montant serait dépensé avant l'expiration de la période de huit ans?

L'hon. M. ABBOTT: Les chiffres présentés par la délégation de Terre-Neuve au cours des entretiens ont laissé prévoir qu'il y aurait probablement des déficits pendant les premières années. Je ne dirais pas, cependant, que ce tiers serait épuisé à un moment déterminé; et je ne crois pas que les estimations présentées par la délégation de Terre-Neuve le démontrent nettement.

M. MACDONNELL (Muskoka-Ontario): Si l'on présentait des données établissant que ce montant serait complètement épuisé pour couvrir les déficits prévus, avant l'expiration de la période de huit ans, qu'est-ce qui arriverait alors?

the surplus is set aside and is to be used to supplement income over the eight-year period.

Mr. ABBOTT: That was put in at the request of the Newfoundland delegation. According to last estimates, the surplus expressed in terms of Canadian dollars, will be $26,243,035.06. That is being retained by the province of Newfoundland. In view of the difficulty of accurately estimating provincial revenues and provincial finances generally, the Newfoundland delegation felt it would be wise to insert in the terms of union a provision that one-third of the surplus should be kept during the period available for possible deficits in current operations. The remaining two-thirds is available for capital expenditure or development, or whatever may be desired. The representatives of Newfoundland themselves suggested that that condition should be inserted in the terms of union.

Mr. MACDONNELL (Muskoka-Ontario): Am I right in assuming that a calculation was made, and that figures were available showing at what rate it would likely be used up?

Mr. ABBOTT: No; the figure would not indicate the rate at which it would be used up. It was contemplated that certainly in the early years there would be deficits, and it was believed that this sum at any rate should be held available for that purpose.

Mr. MACDONNELL (Muskoka-Ontario): I do not wish to be persistent. Perhaps I might change my question somewhat. Were there or were there not figures, produced perhaps by the Newfoundland people themselves, which would have suggested that that amount would be in fact used up before the termination of the eight-year period?

Mr. ABBOTT: The figures submitted by the Newfoundland delegation during the course of the discussions did indicate that probably there would be deficits in the early years. I would not be prepared to say however that this one-third would be exhausted at a particular time; and I do not think the estimates submitted by the Newfoundland delegation would necessarily indicate that.

Mr. MACDONNELL (Muskoka-Ontario): Again, if in fact — and this was my understanding — figures were produced showing that this would be used up in anticipated deficits before the end of the eight-year period, what would happen then?

L'hon. M. ABBOTT: Il ne faut pas oublier que les deux tiers de l'excédent peuvent être affectés à n'importe quelle fin, y compris le remboursement des déficits. Il n'est pas nécessaire de les dépenser en immobilisations, ou à toute autre fin spécifique. Mais, de l'avis même des Terre-neuviens, — peut-être voulaient-ils se prémunir contre une dépense trop rapide de cet excédent de 26 millions de dollars, — il faudrait en mettre au moins un tiers de côté pour les fins que j'ai mentionnées.

M. HAZEN[158]: Les services publics dont il est fait mention sont ceux, j'imagine, qui relèvent de la compétence des provinces aux termes de l'article 92 de l'Acte de l'Amérique du Nord britannique. Ils ne comprennent ni les quais ni les phares?

L'hon. M. ABBOTT: Non. La déduction de mon collègue est juste. Ce qu'on envisage ici, c'est un déficit possible dans les premiers budgets de la province au chapitre des services relevant de la responsabilité de la nouvelle province en vertu de la constitution. Il n'intéresse pas les services assurés à même les crédits fédéraux.

M. JACKMAN: Je ne saisis pas parfaitement le sens de cette disposition. Tout d'abord, je suppose qu'elle a été insérée dans l'entente à la demande de la députation de Terre-Neuve. Les opinions sont sans doute partagées à Terre-Neuve et les points de vue différents au sein de la députation même. Terre-Neuve se trouve en possession de 26 millions de dollars; certains craignent, quel que soit le groupe qui forme le premier gouvernement de la province, qu'on ne soit tenté de dépenser tous les fonds d'un seul coup.

Comment, si ma supposition est fondée, ces diverses dispositions limitent-elles cette possibilité? Dois-je comprendre que le premier gouvernement provincial établi à Terre-Neuve disposera du tiers de cet argent, au rythme d'un huitième par année? Ou pourra-t-il le retirer en entier en une seule année, pour acquitter les dépenses imputables sur le compte courant, destinées à faciliter la continuation et l'amélioration des services publics de Terre-Neuve? L'aliéna (b) prévoit qu'il disposera des deux autres tiers pour les dépenses en immobilisations ou pour les dépenses d'exploitation. Je ne saisis pas très bien le sens de l'aliéna (a). Le gouvernement provincial ne pourra-t-il retirer, chaque année, que le huitième du tiers de l'excédent? Quelles sont les restrictions?

[158]Du parti Progressiste conservateur.

Mr. ABBOTT: After all, two-thirds of the surplus is available for any purpose, including the taking care of deficits. It does not have to be used for capital expansion, or any other purpose. But it was felt by the Newfoundlanders themselves that, perhaps as a safeguard against a too rapid expenditure of this $26 million surplus, at least one-third of it should be set aside for the purposes I have indicated.

Mr. HAZEN[158]: I suppose the public services referred to are those which would come within the jurisdiction of the provinces, under section 92 of the British North America Act. It would not include wharves or lighthouses?

Mr. ABBOTT: No; my hon. friend is correct in his assumption. What is contemplated here is a possible deficit in the early stages in provincial budgets, from the provision of services falling within the constitutional responsibility of the new province. It would not relate to services which have to be taken care of out of federal votes.

Mr. JACKMAN: I do not quite understand this provision. I presume, in the first instance, it is placed in the agreement at the request of the delegation from Newfoundland. No doubt there are different points of view in Newfoundland, and also different points of view in the delegation itself. Newfoundland finds itself in possession of $26 million; and there is a fear on the part of some that whatever group formed the first government in the province might be tempted to spend the money all at one time.

What do these various provisions mean by way of restriction upon that possibility, if I am correct in my assumption? Does it mean that one-third of the money will be available to the first provincial government in Newfoundland, at the rate of one-eighth per year, or can they draw it all in one year for expenditures on current account, to facilitate the maintenance and improvement of Newfoundland public services? Then, paragraph (b) states that they may draw two-thirds for either capital or current expenditures. I do not understand exactly what paragraph (a) means. Is there a restriction that they can draw only one-eighth of one-third of this surplus each year, or what is the meaning? How does the restriction work out?

[158]Of the Progressive Conservative Party.

L'hon. M. ABBOTT: Il n'existe aucune restriction de ce genre. La seule restriction, et c'est là le seul effet du paragraphe 2 (a), c'est que le tiers de l'excédent dont j'ai parlé ne peut être utilisé que pendant la période de huit ans, pour parer à tout déficit d'exploitation. Le gouvernement provincial pourra, s'il le désire, retirer au cours de la première année, tout le tiers de l'excédent. Rien ne l'oblige à répartir ses prélèvements sur une période de huit ans.

Cet article, — l'honorable député le comprendra, — ne nous intéressait pas particulièrement. Il ne présentait pour nous aucun inconvénient, bien entendu, mais il ne nous intéressait pas d'une façon particulière.

M. JACKMAN: L'unique restriction est que le tiers de la somme ne devra pas être porté au compte de capital pendant les huit premières années.

L'hon. M. ABBOTT: En effet.

(L'article est adopté.)

Les articles 25 et 26 sont adoptés.

Sur l'article 27 (accord fiscal).

M. DREW: Monsieur le président, de nouveau je tiens à signaler au premier ministre l'opportunité d'examiner l'effet de la dernière partie de l'article 27(2). Ainsi qu'il l'a fait remarquer, la limitation portant sur la revision d'un accord fiscal se rapporte au choix que pourra faire le gouvernement de Terre-Neuve de répartir ses paiements d'impôts sur une période de huit ans.

Pour résumer l'explication fournie par le premier ministre, je dirai qu'il semble avoir déclaré que si le gouvernement de Terre-Neuve doit bénéficier de l'avantage représenté par cette période prolongée de versement de subventions, il ne devrait pas lui être loisible de remettre la question à l'étude. Cette thèse pourrait être valable, si les paiements de la période de huit ans étaient plus élevés que ceux de la courte période. Le fait est, cependant, que le montant des subventions est le même pour l'une ou l'autre des deux périodes.

Cela étant, je ne crois pas que Terre-Neuve gagne ou perde par la prolongation de la période. Il me semble que l'île devrait être placée sur le même pied que n'importe quelle autre province au moment de l'expiration de ces accords fiscaux, c'est-à-dire que son cas devrait être examiné de nouveau en même temps que celui des autres provinces. Bien que Terre-Neuve puisse, à l'heure actuelle, choisir la période de huit ans, l'inclusion d'une telle limitation pourrait bien, à mon sens, créer des difficultés après un laps de trois ans.

Mr. ABBOTT: There is no limitation such as the hon. member has suggested. The only limitation, and the only effect of subsection (2)(a), is that the one-third of the surplus to which I have referred can be used only during the eight-year period for the purpose of meeting possible current deficits. It could all be used in the first year, if that were desired by the provincial government. There is no requirement that it be spread over that period.

As my hon. friend will realize, this was not a section in which Canada was primarily interested. We had no objection to it, of course; but we had no special interest in it.

Mr. JACKMAN: The only restriction is that one-third of the money must not be used on capital account during the first eight years.

Mr. ABBOTT: I think that is a correct statement of the fact.

Section agreed to.

Sections 25 and 26 agreed to.

On section 27 — *Tax agreement.*

Mr. DREW: Mr. Chairman, I again earnestly seek to impress upon the Prime Minister the desirability of giving consideration to the effect of the last part of section 27(2). As he pointed out, the limitation on the review of a tax agreement would relate to the exercise by Newfoundland of the option to have its tax payments cover a period of eight years.

To simplify the explanation given by the Prime Minister, it would seem to me that what he suggested was that, if Newfoundland was to have the advantage of this longer period of subsidy payments, it should not be open to them to have a reconsideration. I believe that argument might conceivably have some validity, if the payments over the eight-year period were on a higher level than in the shorter period. But the fact is that the subsidy payments are at the same level for either period.

That being so, it does not seem to me that Newfoundland gains anything more or gets anything less by extending the period. It seems to me Newfoundland should be in precisely the same position as any other province, at the time these tax agreements would ordinarily terminate, to have their position reviewed along with the others. I would think that, although at the present time they might take the eight-year option, the inclusion of such a limitation might well cause difficulties at the end of three years.

Comme on a maintes fois affirmé ailleurs et qu'on a laissé entendre à la Chambre, — moins souvent cependant depuis que je siège ici, — que seule la province d'Ontario, appuyée dans une certaine mesure par la province de Québec, s'était opposée aux propositions fiscales, je tiens à rappeler que le premier ministre de la Nouvelle-Écosse, au moment où l'Assemblée législative de cette province fut appelée à approuver définitivement l'entente, déclara très clairement que son gouvernement ne la renouvellerait pas à son expiration. S'exprimant avec la plus grande précision, il déclara que notre régime fiscal devrait être remanié; autrement l'entente, qu'il qualifia de mesure provisoire, ne serait pas perpétuée. Le premier ministre de l'Alberta a exposé ses vues non moins clairement, disant que l'accord n'était pas satisfaisant pour sa province. Pour sa part, le premier ministre de la Nouvelle-Écosse a déclaré, — je cite ses propres termes: "Le Gouvernement n'en a pas fini avec moi."

En posant à la dixième province canadienne, à propos de l'entente fiscale, une réserve touchant son acceptation pour une plus longue période, on prépare la voie à d'inutiles débats et discussions pour le moment où, dans trois ans, les accords déjà signés prendront fin. Je signale aux honorables députés que cette disposition aurait probablement été omise si personne n'avait donné à entendre qu'on désirait ce droit d'option. Manifestement, cette entente distincte avec Terre-Neuve provient de quelque cause et il semble plutôt probable qu'on se prévaudra de ce droit d'option. Dans ce cas, s'il faut en croire le premier ministre Macdonald et M. Manning, premier ministre de l'Alberta, — sans compter qu'il avait été alors question de considérer le cas des autres provinces, — je considère comme très important que la province de Terre-Neuve soit alors libre de discuter sans entrave ni restriction la revision de ses relations avec le gouvernement fédéral sur le problème du rajustement des impôts.

Le très hon. M. ST-LAURENT: Le chef de l'opposition prétend que Terre-Neuve devrait être placée dans la même situation que les autres provinces. Il n'en tient qu'à elle. La délégation nous a fait remarquer qu'une période de trois années n'était pas très longue et que, pendant ce temps, il ne serait pas tenu compte des besoins transitionnels. On était d'avis que, pour plus de sécurité, Terre-Neuve voudrait peut-être avoir l'assurance qu'elle pourrait, pendant au moins huit ans, jouir des conditions prévues aux accords fiscaux. Nous avons répondu aux délégués que si tel était leur désir, ils pouvaient opter pour

I would remind hon. members that in spite of the repeated suggestions outside, and the suggestion made not so often in the house since I have been here, that it was only the province of Ontario, with a certain amount of support from the province of Quebec, that objected to the tax proposals, the fact is that the premier of Nova Scotia, at the time the Nova Scotia legislature was finally called upon to accept these terms, made it perfectly clear that the government of that province would not renew the present tax agreement. He made it perfectly clear that there must be a review of taxation, or there would be no continuance; and that he was doing it only as a temporary measure. I believe the premier of Alberta has been equally clear in the matter, stating that the present arrangement is not satisfactory from their point of view. To use the exact words of the premier of Nova Scotia: "The government has not seen the last of my bonnets and me."

That being so, I think it is only inviting unnecessary dispute and discussion at the end of the three-year period the agreements will have to run for those provinces which have signed them if, in the terms given to a tenth province, there is a limitation which would apply to their acceptance of a longer period. I would point out to hon. members that it is unlikely such an option would have been included, unless there had been a suggestion that it was desired. Obviously there must have been something to suggest this different arrangement with Newfoundland, and there would seem to be some likelihood that this option will be exercised. If it is exercised and if we are to take the word of Premier Macdonald and Premier Manning of Alberta, to say nothing of the fact that at the time there was such a discussion the other provinces would be considered, then I think it is most important that the province of Newfoundland should be free at that time to discuss without restraint or restriction the revision of their relationship with the dominion government in regard to the adjustment of taxes.

Mr. ST. LAURENT: The leader of the opposition suggests that Newfoundland should be in the same position as the other provinces. They can be in that position if they so wish. It was represented to us that three years was not a very long period and that the transitional requirements would not have been covered. It was thought that for greater security they might want to be sure that for at least eight years they could have the terms of the tax agreement. We told them that, if they wished to have that, they would have the option of taking it; but if they took the security, if they made a bargain for

ce premier choix mais que si, pour plus de sécurité, ils concluaient un marché pour huit ans, ce marché serait inaltérable. Nous n'avons pas cru devoir leur conférer le droit d'étendre cet accord à une durée de huit ans, tout en leur permettant de le faire réviser advenant le cas où nous conclurions un nouvel accord avec quelque autre province.

Nous avons dit: si vous désirez un marché inaltérable pour une période de 8 ans, nous ne vous demanderons pas de faire un choix; mais, après que vous aurez un gouvernement responsable envers une assemblée législative et quand ce gouvernement et cette assemblée voudront conclure un marché inaltérable pour 8 ans, nous n'y verrons pas d'objection; toutefois, si vous faites un marché pour 8 ans, il vous faut comprendre que vous n'aurez pas droit à un nouvel examen. A cela, ils ont répondu: cela signifie-t-il qu'il n'y aura aucune possibilité de révision? Voici ce que nous avons précisé: le droit d'exiger une révision n'existera pas mais si l'on juge qu'elle s'impose alors, on pourra la faire pourvu que le gouvernement du jour assume la responsabilité de proposer la modification au Parlement.

Le chef de l'opposition sait qu'en vertu du présent accord fiscal avec sept provinces, si l'une d'elles obtient quelque droit, les six autres l'acquièrent aussi. C'est ce que nous avons voulu éviter par cette option. Nous avons dit: si vous désirez un accord inaltérable, il ne vous donnera pas automatiquement les avantages qu'une autre province peut obtenir en vertu d'un nouveau marché. Il se peut fort bien que si mes honorables amis sont de ce côté-ci de la Chambre ou que nous y sommes encore, on puisse conclure avec les provinces un autre accord qui s'étendrait à Terre-Neuve; le gouvernement du jour assumerait la responsabilité de proposer au Parlement les crédits nécessaires. Nous sommes d'avis que si le nouveau gouvernement de Terre-Neuve, responsable devant son assemblée législative, désire signer un marché ferme à l'égard d'une certaine période, c'est ce qui devrait être conclu.

M. le président suppléant: L'article est-il adopté?

Le très hon. M. ST-LAURENT: Qu'on me permette de compléter les renseignements que j'ai donnés sur les écoles. On m'apprend que sous le régime de la législation terre-neuvienne existante, les enfants d'âge scolaire sont tenus de fréquenter l'école; cependant, l'enfant qui ne partage pas la croyance religieuse enseignée à son école n'est pas obligé de rester en classe pendant le cours d'instruction religieuse.

eight years, it would be a firm bargain. We did not think that we should give them the right to have it extended for a period of eight years and also give them the benefit of having it revised if we were making any other kind of agreement with any of the other provinces.

We said: If you want a firm deal for a period of eight years we will not ask you to take an option, but after you have a government with a legislature to which it is responsible and that government and that legislature wish to have a deal made in a firm fashion for eight years, we will not object. If, however, you make a deal for eight years, you should realize that you will not be entitled to a review. They said: Does that mean that there will not be any possibility of making a revision? We told them: There will not be any right to require a revision to be made, but if it is felt at that time that one is in order it can be made, provided the government of the day takes the responsibility of recommending the modification to parliament.

The leader of the opposition knows that, under the present tax agreement with the seven provinces, if something is granted to one as a right it is acquired by the other six. That is the thing against which we provided by this option. We said: If you want to make a firm agreement it will be the kind of agreement that will not automatically give you what any other province may get under a new bargain. It may very well be that if my hon. friends are over here or if we are still here, another arrangement might be made with the provinces which would also extend to Newfoundland, and the government of the day would take the responsibility of recommending to parliament the consequential appropriation. It seems to us that if the new government of Newfoundland, responsible to its legislature, wanted to make a firm contract for a period, it should be a firm contract.

The Deputy Chairman: Shall the section carry?

Mr. ST. LAURENT: May I supplement the information that I gave about schools. I have been informed that, under the legislation as it exists in Newfoundland, compulsory attendance is required by children of school age, but if a child is not of the same denomination as the school he does not have to remain in the school while religious instruction is being given.

M. KNOWLES: Adoptons-nous l'article au complet ou uniquement le paragraphe?

M. le président suppléant: L'article 27 qui porte sur l'accord fiscal.

. . .

M. CASTLEDEN[159]: Le paragraphe 1 de l'article 27 est ainsi conçu:

"Immédiatement après la date de l'union, le gouvernement du Canada offrira au gouvernement de la province de Terre-Neuve de conclure un accord fiscal ayant pour objet la location au gouvernement du Canada des domaines fiscaux concernant l'impôt sur le revenu, l'impôt sur le revenu des corporations, la taxe sur les corporations et les droits successoraux."

Et voici le paragraphe 4:

"Le gouvernement de la province de Terre-Neuve ne pourra être tenu, aux termes de tout accord conclu en conformité de la présente clause, de prélever d'une personne ou corporation quelconque un impôt incompatible avec les dispositions de tout contrat passé avec ladite personne ou corporation avant la date de l'accord et alors en vigueur."

Faut-il conclure que le gouvernement fédéral ne pourrait, même s'il en avait le désir, conclure un accord avec la province en matière d'impôt sur le revenu ou d'impôt sur les sociétés si Terre-Neuve ne prélève pas actuellement d'impôts de ce genre?

L'hon. M. ABBOTT: Je crois avoir répondu à la question hier lorsque j'ai dit que, une fois Terre-Neuve devenue province canadienne, les habitants de l'île seront assujettis aux lois canadiennes, y compris celles qui ont trait à l'impôt.

M. CASTLEDEN: Cela semble contraire aux dispositions du paragraphe 4.

L'hon. M. ABBOTT: Le premier ministre a expliqué un peu plus tôt cet après-midi, peut-être en l'absence de l'honorable député, la raison d'être de cette disposition qui pourvoit à ce que le nouveau gouvernement provincial de Terre-Neuve n'ait à violer aucun contrat qu'aurait pu conclure le gouvernement de la colonie ou du dominion à l'égard des questions mentionnées dans l'article en cause. Aux termes des accords conclus avec les sept provinces à l'égard des impôts sur le revenu et sur les sociétés, lesdites provinces sont tenues, l'honorable député le sait, d'imposer une taxe de 5 p. 100 sur les sociétés qui existent

[159]De la Fédération du commonwealth coopératif (CCF).

Mr. KNOWLES: What are you carrying, the whole section or just the subsection?

The Deputy Chairman: Section 27, tax agreement.

. . .

Mr. CASTLEDEN[159]: Subsection 1 of section 27 reads:

"The government of Canada will forthwith after the date of union take an offer to the government of the province of Newfoundland to enter into a tax agreement for the rental to the government of Canada of the income, corporation income, and corporation tax fields, and the succession duties tax field."

Subsection 4 reads:

"The government of the province of Newfoundland shall not by any agreement entered into pursuant to this term be required to impose on any person or corporation taxation repugnant to the provisions of any contract entered into with such person or corporation before the date of the agreement and subsisting at the date of the agreement."

Does that mean that, if the federal government wished to enter into an agreement with the province with regard to income or corporation taxes, they would be prevented from doing so if no corporation or income tax were imposed at the present time?

Mr. ABBOTT: I answered that question yesterday in indicating that when Newfoundland becomes a province of Canada its residents will be subject to Canadian law, including the taxation law.

Mr. CASTLEDEN: That seems contrary to the provisions of subsection 4.

Mr. ABBOTT: The Prime Minister explained a little earlier this afternoon, when perhaps the hon. member was not present, that that was inserted in order to provide that the new provincial government of Newfoundland would not be obliged to breach any contracts which might have been entered into by the colonial or dominion government with respect to the matters referred to in that section. My hon. friend will recall that, under the agreements with the seven provinces in connection with income and corporation taxes, those provinces are required to impose a five per cent corporation tax on corporations

[159]Of the Cooperative Commonwealth Federation (CCF).

chez elles. En raison du présent article, une telle disposition ne serait pas applicable à Terre-Neuve.

M. COLDWELL: Cette disposition n'empêche pas Terre-Neuve d'agir à son gré?

L'hon M. ABBOTT: Non.

M. COLDWELL: Elle stipule seulement que le gouvernement du Dominion ne pourra exiger de Terre-Neuve qu'elle agisse dans tel ou tel sens. Certains contrats passés dans Terre-Neuve, il y a quelques années, concèdent de grands avantages à des sociétés qui ne paient presque pas d'impôts. Cette disposition n'empêchera pas Terre-Neuve de s'occuper de la question?

L'hon M. ABBOTT: Non, pas du tout. Si je me rappelle bien, j'ai précisé hier que l'accord tendait à préserver les prérogatives des parties contractantes. Le gouvernement du Dominion n'exige pas que le gouvernement de Terre-Neuve prenne des mesures contraires à la loi ou à une entente qu'il a conclue.

M. COLDWELL: Mais Terre-Neuve elle-même?

L'hon. M. ABBOTT: Terre-Neuve est parfaitement libre d'agir à sa guise.

M. COLDWELL: Si les tribunaux déclarent qu'elle outrepasse ses pouvoirs, ce n'est plus la même chose. En ce qui nous concerne, nous ne lui imposons rien, mais elle peut, de son propre gré, essayer de prendre les mesures qui lui semblent les plus utiles?

L'hon. M. ABBOTT: Justement.

M. CASTLEDEN: Le Canada se réserve le droit de prélever, après la conclusion de l'accord, l'impôt sur le revenu des sociétés?

L'hon. M. ABBOTT: Exactement.

M. DREW: N'est-il pas vrai qu'en vertu des accords conclus maintenant avec sept des provinces, celles-ci sont tenues, entre autres conditions, de prélever certains impôts?

L'hon. M. ABBOTT: Oui, c'est exact.

M. DREW: Sauf erreur, on a inséré une disposition en ce sens afin d'éviter que la question de savoir si l'impôt relève du domaine fédéral ou du domaine provincial ne puisse donner lieu à des controverses d'ordre constitutionnel. En réalité, les provinces perçoivent l'impôt, lequel ne modifie pas le montant total que touche le gouvernement central avant que celui-ci ne rende les subventions aux provinces. Selon mon interprétation de cet article, il semble que, bien que le gouvernement fédéral s'engage à verser des subventions en conformité des accords signés par certaines

within the provinces. In view of this section, that provision would not be applicable to Newfoundland.

Mr. COLDWELL: That would not preclude Newfoundland from doing anything of its own volition?

Mr. ABBOTT: No.

Mr. COLDWELL: This simply provides that the dominion government will not require Newfoundland to do something. There are certain contracts that were made in Newfoundland some years ago under which great concessions were given to certain corporations that pay hardly any taxes at all. This would not prevent Newfoundland dealing with that situation?

Mr. ABBOTT: No, not at all. I think I said yesterday that the effect of this agreement would be to preserve the legal rights between contracting parties. The dominion government is not requiring the government of Newfoundland to do anything which would be a breach of a statute or of an agreement entered into with that government.

Mr. COLDWELL: But Newfoundland itself?

Mr. ABBOTT: Newfoundland is perfectly free to do as it pleases.

Mr. COLDWELL: If the courts hold it cannot do it, that is a different matter. As far as we are concerned, we are not forcing them to do anything, but they can of their own volition try to do what seems best to them?

Mr. ABBOTT: Right.

Mr. CASTLEDEN: Canada reserves the right to carry on corporation taxes after the agreement?

Mr. ABBOTT: Right.

Mr. DREW: Is it not correct that under the agreements that have now been signed with seven of the provinces they are required to impose certain taxation as a part of the terms?

Mr. ABBOTT: Correct, yes.

Mr. DREW: As I understand it, a provision to that effect was incorporated to avoid any possibility of a constitutional dispute as to whether the tax was being imposed within the provincial or the federal field. The provinces actually collect it, but it does not affect the total that is received by the dominion government before the subsidy payments are returned to the provinces. As I read this section it would mean that, although the dominion government undertakes to pay subsidies in accordance with the same terms that have been signed by certain provinces, the

provinces, le gouvernement provincial risque de ne pouvoir prendre le même engagement que doivent fournir les autres provinces, en ce qui concerne l'imposition de certaines taxes.

L'hon. M. ABBOTT: C'est possible. Mon honorable collègue sait sans doute que cette disposition a été inscrite aux accords conclus avec les sept provinces afin d'éviter, autant que possible, de porter préjudice aux sociétés payant l'impôt dans les provinces n'ayant pas adhéré à l'accord. C'est la seule raison pour laquelle on a fait figurer cette disposition dans les accords conclus avec les sept provinces. Ces accords comportaient une clause aux termes de laquelle le gouvernement fédéral est habilité à exiger de ces provinces, quand il l'entendra, qu'elles rapportent l'impôt de 5 p. 100 sur les sociétés. Mon honorable collègue a raison d'affirmer qu'il en résulte en définitive que les provinces ne retiennent pas plus d'argent. En somme, c'est le gouvernement fédéral qui touche le taux de 35 p. 100, composé de l'impôt fédéral et de l'impôt provincial.

M. DREW: Le ministre en connaît-il l'effet véritable?

L'hon. M. ABBOTT: La portée effective de cette disposition?

M. DREW: Du paragraphe 4.

L'hon. M. ABBOTT: Ce serait . . .

M. DREW: Je parle de son effet pratique.

L'hon M. ABBOTT: Il en résulterait, dans la pratique, que le gouvernement fédéral imposerait, au taux actuellement en cours, un impôt de 30 p. 100 sur les sociétés. Mais, dans le cas de Terre-Neuve, et à condition que nous en soyons priés par cette province, nous n'exigerions pas d'elle qu'elle imposât un impôt sur les sociétés, de 5 p. 100 par exemple, comme les sept autres provinces. Cela comporterait une violation des accords que les gouvernements précédents ont pu conclure avec les sociétés ou d'autres dans ce domaine. Comme le député de Rosetown-Biggar l'a signalé, aucune restriction n'est imposée au gouvernement de Terre-Neuve quant à sa ligne de conduite à ce sujet; mais je dirais en termes plus familiers que le Canada ne poserait pas comme condition à la signature d'un accord fiscal, que Terre-Neuve viole un contrat qu'elle aurait passé avant l'union.

M. DREW: Lorsque j'ai parlé des effets dans la pratique j'ai voulu savoir du ministre s'il connaît des cas où il en serait ainsi. En somme, les sociétés qui peuvent être en cause doivent être assez bien connues.

provincial government in this case might not be in a position to carry out the same undertaking other provinces are called upon to give in regard to the imposition of certain taxes.

Mr. ABBOTT: That is possible. Of course, as my hon. friend appreciates, that provision was inserted in the agreements with the seven provinces in order to assure that as far as possible corporation taxpayers in non-agreeing provinces would not be prejudiced. That was the sole purpose of including that provision in the agreements with the seven provinces. The agreements contain a provision that the dominion may at any time require those provinces to repeal the five per cent corporation tax. My hon. friend is quite right in saying that the net effect is that the provinces do not retain any more money. In fact, the dominion government gets the 35 per cent rate as a result of the combined effect of the federal tax and the provincial tax.

Mr. DREW: Does the minister know what the actual effect of this is?

Mr. ABBOTT: The actual effect of this provision?

Mr. DREW: Of subsection 4.

Mr. ABBOTT: The actual effect of subsection 4 would be —

Mr. DREW: I am talking about the practical effect.

Mr. ABBOTT: The practical effect is that the dominion government imposes at present rates a 30 per cent tax on corporations, but in the case of Newfoundland, if the province so requested, we would not impose upon them an obligation to collect a corporation tax, let us say of five per cent, as in the case of the seven other provinces, which would involve a breach of covenants that predecessor governments may have entered into with corporations or others in that field. As the hon. member for Rosetown-Biggar has pointed out, no restriction is placed upon what the new Newfoundland government does in this connection. But, to put it rather colloquially, we would not impose, as a condition of getting a tax agreement with the dominion, that they must breach a contract which they may have entered into prior to union.

Mr. DREW: When I spoke of the practical effect, I meant, does the minister know whether there are cases where this will have a definite result? After all, the type of companies that would be affected must be fairly well known.

L'hon. M. ABBOTT: Oui. Bien que nous ne les ayons pas examinés minutieusement, nous savons qu'il existe des accords, dont certains ont été ratifiés par des lois, en vertu desquels des sociétés jouissent d'exemptions d'impôts en retour du paiement annuel d'un montant déterminé. Nous savons qu'il existe des accords, ratifiés par une loi dans certains cas, qui exemptent de droit douaniers. D'après cette disposition, le gouvernement de la nouvelle province de Terre-Neuve pourrait dire au gouvernement fédéral, "Nous désirons conclure un accord fiscal comme il est prévu dans cet article, mais à cause d'ententes intervenues avec certaines sociétés, nous ne voulons pas être obligés de leur imposer la taxe de 5 p. 100 applicable aux corporations." Dans ce cas elle ne serait pas tenue de le faire. Le gouvernement fédéral pourrait alors perdre le 5 p. 100 dans le cas de la société avec laquelle Terre-Neuve a passé des contrats.

M. COLDWELL: Mettons qu'à un moment donné nous demandions aux sept provinces, ou à l'une d'elles, de cesser de prélever la taxe de 5 p. 100 et que nous augmentions la nôtre de 30 à 35 p. 100. La taxe s'appliquerait alors à Terre-Neuve comme aux autres provinces?

L'hon. M. ABBOTT: Parfaitement!

M. COLDWELL: Elle serait uniforme partout?

L'hon. M. ABBOTT: C'est exact.

M. COLDWELL: Elle ne varierait nullement?

L'hon. M. ABBOTT: Nullement. Je tiens à préciser que le gouvernement fédéral, aux termes de l'entente, garde pleine liberté en matière de mesures fiscales; ces dernières s'appliqueront à tout Terre-neuvien qui deviendra citoyen canadien.

M. PROBE: Sans exception?

L'hon. M. ABBOTT: Je formule cette déclaration sans réserve aucune.

. . .

(L'article est adopté.)

Les articles 28 à 30 inclusivement sont adoptés.

Sur l'article 31 (services, ouvrages et biens publics).

. . .

(L'alinéa (a) de l'article 31 est adopté.)

Sur l'alinéa (b) de l'article 31.

. . .

(Les alinéas (b) et (c) de l'article 31 sont adoptés.)

Sur l'alinéa (d) de l'article 31.

Mr. ABBOTT: Yes. Although we have not examined them in great detail we know that there are outstanding agreements, some of them confirmed by statute, whereby income tax exemptions are granted to certain corporations in consideration of a fixed annual payment. We know that there are agreements, some of them confirmed by statute, which give customs duty exemptions. The effects of this clause is that if the government of the new province of Newfoundland came to the dominion government and said, "We wish to have a tax agreement along the lines indicated in this section, but because of arrangements which we have entered into with certain corporations we do not wish to be obliged to impose the five per cent corporation tax on them," they would not be obliged to do so. To that extent the dominion government might lose the five per cent in respect of the corporations with which Newfoundland has entered into contracts.

Mr. COLDWELL: Suppose at some time we required the seven provinces, or any one of them, to discontinue the five per cent tax, and we increased our own tax from 30 to 35 per cent; then the tax would apply to Newfoundland as well as to the other provinces?

Mr. ABBOTT: Quite so.

Mr. COLDWELL: It would be uniform throughout?

Mr. ABBOTT: That is right.

Mr. COLDWELL: In no way would it vary that?

Mr. ABBOTT: No way whatever. I want to make it perfectly clear that the dominion government under the arrangement retains complete freedom with respect to its fiscal policies as they will apply to any resident of Newfoundland who becomes a Canadian citizen.

Mr. PROBE: Without exception?

Mr. ABBOTT: I make that statement without any qualification whatever.

. . .

Section agreed to.

Sections 28 to 30 inclusive agreed to.

On section 31 — *Public services, works and property*.

. . .

Section 31 (a) agreed to.

On section 31 (b) and (c).

. . .

Section 31 (b) and (c) agreed to.

On section 31 (d).

M. TIMMINS: Étant donné le caractère international de l'aéroport de Gander, qu'on me permette de demander s'il fait ses frais ou s'il nous occasionnera de fortes dépenses?

L'hon. M. CHEVRIER: Me fondant sur les meilleurs renseignements disponibles, je rappelle, sans entrer dans les détails, que Gander est une entreprise de très grande portée qui cependant, n'est pas rentable. Du point de vue international, elle offre de grands avantages. Lorsque nous prendrons l'aéroport à notre compte, nous devrons peut-être l'exploiter à perte, mais je ne suis pas en mesure de fournir de chiffres à ce sujet.

(L'alinéa (d) de l'article 31 est adopté.)

Sur l'alinéa (e) de l'article 31.

. . .

(L'alinéa (e) de l'article 31 est adopté.)

Sur l'alinéa (f) de l'article 31 (la défense).

. . .

(L'alinéa (f) de l'article 31 est adopté.)

L'alinéa (g) de l'article 31 est adopté.

Sur l'alinéa (h) (les levés géologiques, topographiques, géodésiques et hydrographiques).

. . .

(L'alinéa (h) de l'article 31 est adopté.)

Les alinéas (i), (j), (k) et (l) de l'article 31 sont adoptés.

L'article est adopté.

Sur l'article 32.

M. DICKEY: Il s'agit ici d'une disposition d'ordre général portant sur le transport.[. . .]

. . .

(L'article est adopté.)

Les articles 33 à 36 inclusivement sont adoptés.

Sur l'article 37 (ressources naturelles).

. . .

M. GILLIS[160]: Le premier ministre peut-il nous dire à quel point en sont les choses en ce qui concerne les gisements de minerai de fer du Labrador? Le gouvernement de Terre-Neuve y a-t-il accordé des droits d'exploitation à une société des États-Unis?

Le très hon. M. HOWE [*sic*]: Les droits ont été accordés à une société canadienne, au sein de laquelle les capitalistes des États-Unis constituent une minorité. La société qui a obtenu des droits à Terre-Neuve est aussi à la recherche de miné-

[160]De la Fédération du commonwealth coopératif (CCF).

Mr. TIMMINS: Having regard to the international feature of Gander airport, may I ask if it is on a self-sustaining basis, or whether we are letting ourselves in for any amount of expense in that connection?

Mr. CHEVRIER: Without going into detail, the best information I have is that Gander is a tremendous project, and that it is not self-supporting. It offers great advantages, from an international standpoint. When we take it over perhaps we may have to operate it at a loss; but what the figures will be, I am not in a position to say at the present time.

Section 31 (d) agreed to.

On section 31 (e).

. . .

Section 31 (e) agreed to.

On section 31 (f) — *Defence*.

. . .

Section 31 (f) agreed to.

Section 31 (g) agreed to.

On section (h) — *Geological, topographical, geodetic, and hydrographic surveys*.

. . .

Section 31 (h) agreed to.

Section 31 (i), (j), (k) and (l) agreed to.

Section agreed to.

On section 32.

Mr. DICKEY: This is a general clause dealing with transportation.[. . .]

. . .

Section agreed to.

Sections 33 to 36 inclusive agreed to.

On section 37 — *Natural resources*.

. . .

Mr. GILLIS[160]: Can the Prime Minister give us any indication as to how the Labrador iron ore deposits are situated at the present time? Has the Newfoundland government granted the exploration rights in that area to a United States exploration company?

Mr. HOWE [*sic*]: I understand that the rights have been granted to a company that is owned in Canada, with a minority interest in the United States. It is the same company that is exploring for minerals on the Canadian side which has

[160]Of the Cooperative Commonwealth Federation (CCF).

raux du côté canadien. Il s'agit de la *Labrador Exploration Company*.

M. GILLIS: Quelqu'un de l'autre côté de la Chambre a déclaré que le Canada était intéressé à faire entrer Terre-Neuve dans la Confédération, uniquement parce que nous convoitions les gisements du Labrador. La réponse du premier ministre démontre la fausseté de cet argument, car le Canada, grâce à cette société d'exploitation qui a des ramifications aux États-Unis, dispose des baux et a le droit d'exploiter ces ressources au cours des dix prochaines années. Je voulais obtenir cette réponse, afin de discréditer l'opinion qu'on avait avancée.

(L'article est adopté.)

Sur l'article 38 (anciens combattants).

. . .

(L'article est adopté.)

Sur l'article 39 (fonctionnaires de l'État).

M. CHURCH[161]: En vertu de cet article, il sera offert aux employés du gouvernement de Terre-Neuve, affectés aux services absorbés par le Canada, conformément aux présentes clauses, un emploi dans ces services ou dans des services semblables au Canada et ils jouiront de tous les droits à pension et le reste qui leur seraient autrement reconnus. Si l'on choisit ces fonctionnaires dans la même proportion de la population qu'à l'égard des six qui seront appelés à l'autre endroit, qu'on nomme parfois le lieu du repos éternel, je crains fort qu'ils soient assez nombreux pour qu'on puisse les aligner quatre de front jusqu'au parc Lansdowne, à juger d'après le rythme d'accroissement des fonctionnaires.

(L'article est adopté.)

Sur l'article 40 (Service de bien-être social et autres services publics).

. . .

(L'article est adopté.)

Les articles 41 à 45 inclusivement sont adoptés.

Sur l'article 46 (oléomargarine).

M. DREW: Monsieur le président, pendant que nous étions saisis de la résolution, j'ai fait remarquer au premier ministre qu'il y avait lieu de considérer l'effet possible des dispositions de l'article 46. Dans sa réponse, il a déclaré que la difficulté que j'avais signalée relativement à cet article n'avait peut-être pas un rapport réel avec la situation, et il a rappelé, à titre d'exemple de l'existence d'obstacles au commerce interprovincial, les restrictions auxquelles est assujetti, dans certains cas, le transport des boissons alcooliques d'une province à une autre.

[161] Du parti Progressiste conservateur.

rights in Newfoundland. It is the Labrador Exploration Company.

Mr. GILLIS: I heard the accusation made from the other side of the house that the only reason Canada was now interested in bringing Newfoundland into confederation was that we were after the Labrador deposits. That answer given by the Prime Minister explodes that particular argument because Canada, through that exploration company, with a tie-in in the United States, now has the leases and the right to exploit those resources for the next ten years. I wanted that answer for the purpose of exploding that particular argument.

Section agreed to.

On section 38 — *Veterans*.

. . .

Section agreed to.

On section 39 — *Public servants*.

Mr. CHURCH[161]: According to this section the employees of the government of Newfoundland in the services taken over by Canada under this agreement will be offered employment in these or similar Canadian services, and they are to have all pension rights, and so on, to which otherwise they would be entitled. If these officials are to be appointed in the same ratio to population as the six persons who are to be called to another place, sometimes known as the place of the saints' everlasting rest, I am afraid they will reach four deep from here to Lansdowne park, judging by the way we have been increasing officials.

Section agreed to.

On section 40 — *Welfare and other public services*.

. . .

Section agreed to.

Sections 41 to 45 inclusive agreed to.

On section 46 — *Oleomargarine*.

Mr. DREW: Mr. Chairman, when we were discussing the motion I suggested to the Prime Minister that consideration should be given to the possible effect of the provisions of section 46. In his reply the Prime Minister stated that the difficulty I suggested in regard to this clause was perhaps not quite consistent with the situation and gave, as evidence of the fact that there could be barriers against interprovincial trade, the restrictions that are placed upon the movement between provinces of liquor under certain conditions.

[161] Of the Progressive Conservative Party.

Je reviens sur l'observation que j'ai formulée à propos de cet article, car je crois sincèrement qu'il comporte une dangeureuse difficulté d'ordre constitutionnel. Ce que j'ai dit ne se rattache aucunement à l'opportunité d'autoriser la fabrication et la vente de la margarine, mais porte sur la question de savoir si la constitution, ou l'Acte de l'Amérique du Nord britannique, confère au gouvernement fédéral le pouvoir d'imposer, par entente ou autrement, des restrictions au commerce international. Je m'appuie, en l'occurrence, sur l'article 121 de l'Acte de l'Amérique du Nord britannique qui prescrit que:

"Tout objet qui aura crû, aura été produit ou aura été fabriqué dans une des provinces sera, à partir de l'union, admis en franchise dans chacune des autres provinces."

Cette disposition, jugée l'une des plus importantes de l'Acte de l'Amérique du Nord britannique, vise à empêcher toute restriction au commerce interprovincial à l'égard des produits ordinaires ou des denrées offertes en vente dans les différentes parties du pays.

En citant en exemple la restriction apportée au commerce des boissons alcooliques, le premier ministre fonde son argumentation sur une disposition de la loi de la tempérance au Canada. Je signale cependant qu'il existe une distinction manifeste entre les boissons alcooliques et les produits et denrées ordinaires, pour ce qui est des restrictions apportées au commerce interprovincial. Cette distinction a été clairement établie dans la cause relative à la loi sur l'organisation du marché des produits naturels de 1934 et à la loi modificatrice de 1935. A la page 420 des rapports de la Cour suprême, 1936, le jugement de celui qui était alors juge en chef du Canada établit une distinction bien nette entre la restriction imposée à l'égard du mouvement des spiritueux entre les provinces, et à l'égard des autres articles ordinaires du commerce.

Le juge en chef a signalé que la loi de la tempérance au Canada imposait ces restrictions afin de renforcer les lois pénales des provinces, qui avaient interdit, dans une certaine mesure, l'usage des boissons alcooliques dans les limites de leur territoire. La raison d'être de cette restriction ne pourrait pas servir de justification en vue d'adopter des lois tendant à restreindre d'autres genres de commerce. Je crois que le texte du jugement démontre clairement la différence et indique que l'énoncé du ministre n'est pas une comparaison exacte. Je cite un passage du jugement, que je trouve à la page 420:

"L'application du principe reconnu implicitement dans ce passage sera toujours ardue et déli-

I repeat my suggestion in regard to this section in the very real belief that there is inherent in this section a dangerous constitutional difficulty. What I have to say has nothing whatever to do with the desirability or otherwise of permitting the manufacture and sale of margarine; it has to do with the constitutional question as to whether or not it is competent under the British North America Act for the dominion government to impose any restriction, by agreement or otherwise, on international trade. My reference to that difficulty relates to section 121 of the British North America Act which reads:

"All articles of the growth, produce, or manufacture of any one of the provinces shall, from and after the union, be admitted free into each of the other provinces."

That provision in the British North America Act was regarded as one of the important provisions which would bring to an end any restraint upon the movement between provinces of the ordinary products or goods which were traded in in different parts of the country.

The Prime Minister in referring to the restriction upon the movement of liquor is referring to the provision in the Canada Temperance Act, but I would point out that there is a very definite distinction between restraint on the movement of liquor between provinces and on the movement of ordinary commodities and products. That distinction was clearly drawn in a case having to do with the Natural Products Marketing Act of 1934 and the amending act of 1935. At page 420 of the Supreme Court Reports, 1936, in the judgment of the then Chief Justice of Canada a clear distinction is drawn between the restraint placed upon the movement of liquor between provinces and of other, ordinary, articles of trade.

The chief justice pointed out that the Canada Temperance Act imposed those restrictions in order that assistance might be given to the penal provisions of the provinces which had placed some prohibition on the use of alcoholic beverages within their own areas. The basis of that restraint is not the basis which could be used for the purpose of passing legislation to restrain other kinds of trade. I think the words of the judgment clearly indicate the difference and show that the suggestion put forward by the minister is not a correct parallel. I quote from the judgment at page 420 as follows:

"The application of the principle implicit in this passage must always be a delicate and difficult

cate, comme on peut s'en rendre compte en étudiant l'histoire de la loi de tempérance du Canada. Les clauses prohibitives de la loi visent directement les droits civils, mais, dans l'affaire de Russell contre la Reine (1) la commission a estimé que la loi visait non pas la propriété ou les droits civils, mais une question relative à l'ordre public et très voisine de la loi criminelle. On l'a assimilée à ces 'lois qui restreignent la vente et le recel de drogues nocives ou de substances explosives dangereuses . . . attendu que la vente ou l'usage libre de ces produits constituent un danger public . . . et font de la violation de ces restrictions un délit criminel . . . .' On a parlé à cet égard de 'loi relative à l'ordre et à la sécurité publiques,' assimilable à ces 'lois faites pour protéger l'ordre, la sécurité et la moralité publiques à l'égard desquelles les contrevenants s'exposent à des poursuites au criminel et aux sanctions qui s'ensuivent.'"

D'après le texte même du jugement prononcé dans cette cause, on établit une distinction entre le fond des clauses restrictives de la loi de la tempérance au Canada et une denrée comme la margarine. Bien des gens s'opposent énergiquement à la fabrication et à la vente de la margarine, mais personne ne prétendra qu'elle puisse être rangée, ainsi que l'a définie le juge en chef, parmi les articles explosibles ou dangereux. C'est en raison de ces qualités inhérentes qu'on trouve dans les spiritueux que le gouvernement fédéral a cru avoir le droit d'imposer certaines restrictions sur leur transport entre les provinces, dans les cas où les provinces elles-mêmes en avaient interdit l'usage dans leur propre territoire. Comme les peines imposées équivalaient à des dispositions pénales, elles tombaient sous le coup de cet article général de l'Acte de l'Amérique du Nord britannique où il est question de la paix, de l'ordre et de la bonne administration, et c'est sous l'empire de cet article que le Conseil privé les a maintenues.

Je n'insisterai pas davantage. Je me contenterai de faire remarquer au premier ministre que ces restrictions à l'égard d'une denrée comme la margarine ne se rapportent aucunement à l'objet du jugement dont je viens de parler et à l'article sur lequel a porté ce jugement, et que le gouvernement fédéral ne possède pas la compétence voulue pour établir pareille restriction sur l'usage de la margarine, en vertu des dispositions générales relatives à la paix, à l'ordre et à la bonne administration. S'il en est ainsi, pareille mesure irait à l'encontre de l'article 121 de l'Acte de l'Amérique du Nord britannique et pourrait susciter des difficultés. On pourrait peut-être soutenir qu'au paragraphe 2 de l'article 46 de l'ac-

task. That is shown by reference to the history of the Canada Temperance Act. The prohibitory clauses of the legislation undoubtedly do affect civil rights directly but, in Russell v. The Queen (1), the board took the view that the real subject matter of the legislation was not property and civil rights, but matter connected with public order and having a close relation to the criminal law. It was likened to 'laws which place restrictions on the sale or custody of poisonous drugs, or of dangerously explosive substances . . . on the ground that the free sale or use of them is dangerous to public safety, and making it a criminal offence . . . to violate these restrictions . . . .' It was described as "legislation . . . relating to public order and safety,' and belonging to the class of 'Laws . . . for the promotion of public order, safety, or morals, and which subject those who contravene them to criminal procedure and punishment . . . .'"

In the words of the judgment in that case, a distinction is drawn between the subject matter of the restrictive provisions in the Canada Temperance Act and such a substance as margarine. While many people object most strongly to the manufacture and sale of margarine, I do not think anyone will suggest that it comes within such a definition as that put forward by the chief justice as being an explosive or dangerous article. It was because of those inherent qualities in alcoholic beverages that the dominion government felt it was entitled to place certain restrictions on their movement between provinces where the provinces had themselves prohibited the use of alcoholic beverages in their own areas. Because the penalties imposed were something in the nature of penal provisions, they came under the broad reference in the British North America Act to peace, order and good government and have been sustained by the privy council on that basis.

I shall not labour the point beyond suggesting again to the Prime Minister that these restrictions dealing with a commodity such as margarine do not bear any direct relationship to the subject of the judgment to which I have referred, and to the material considered in that judgment, and that it is not competent for the dominion government to place such a restriction upon the use of margarine under the broad provisions of peace, order, and good government. If that is so, then such a provision would contravene section 121 of the British North America Act, and difficulties might arise in connection with this provision. It might be suggested that in subsection 2 of section 46 of the agreement there is a loophole

cord, il y a une échappatoire qui, à tout événement, rendrait pareille restriction sans importance; mais j'aimerais signaler au premier ministre qu'en fait, la restriction est devenue opérante. Le paragraphe 2 de l'article 46 est ainsi conçu:

"Sauf décision contraire du Parlement du Canada, ou à moins que la vente et la fabrication de l'oléomargarine ou margarine dans toutes les provinces du Canada, autres que Terre-Neuve, et son transport entre ces provinces ne soient autorisés en vertu des lois du Canada, l'oléomargarine ou margarine ne devra pas être expédiée, envoyée, apportée ni transportée de la province de Terre-Neuve à quelque autre province du Canada."

A moins que le premier ministre ne soutienne que cette restriction peut être incorporée dans la loi en vertu des dispositions générales relatives à la paix, à l'ordre et à la bonne administration, je prétends que le Parlement du Canada ne peut en décider autrement, vu le récent jugement de la Cour suprême du Canada à propos de l'énoncé de faits qui lui a été soumis.

Quant à la deuxième disposition portant que la restriction s'appliquera, à moins "que la vente et la fabrication de l'oléomargarine ou margarine dans toutes les provinces du Canada, autres que Terre-Neuve, et son transport entre ces provinces ne soient autorisés," la possibilité de cette conjoncture n'existe pas du fait qu'une province a déjà pris des mesures en vue d'interdire l'usage de la margarine dans la province. Il s'agit de l'île du Prince-Édouard. Par conséquent, cette échappatoire pour ce qui est de toutes les provinces, n'existe plus. La restriction est donc valide.

Si le gouvernement fédéral peut autoriser la fabrication de la margarine, il peut aussi l'interdire. Cela saute aux yeux. S'il a le droit de permettre ou d'interdire la fabrication de la margarine, de même que le droit d'en interdire le transport d'une province à une autre, il fait valoir des prérogatives fondées sur des motifs autres que ceux qui ont été présentés à la Cour suprême du Canada, lors de l'audition de la cause. La Cour suprême a jugé qu'il n'appartenait pas au Parlement du Canada de restreindre la fabrication et la vente de la margarine. Si tel est le cas, je ne comprends pas que le gouvernement du Dominion puisse exercer ce pouvoir maintenant, en vertu d'une entente ou autrement. Cette entente, lorsqu'elle sera ratifiée, fera partie d'une loi de cette assemblée législative et du Parlement du Canada. Le Gouvernement semble enfermé dans un dilemme à ce sujet. En revendiquant le droit d'autoriser la fabrication et de restreindre le

which might make this restriction unimportant in any event, but I should like to point out to the Prime Minister that the situation in which we now find ourselves is that this restriction has become effective. Section 46, subsection 2, of the agreement reads:

"Unless the parliament of Canada otherwise provides or unless the sale and manufacture in, and the interprovincial movement between, all provinces of Canada other than Newfoundland, of oleomargarine and margarine, is lawful under the laws of Canada, oleomargarine or margarine shall not be sent, shipped, brought, or carried from the province of Newfoundland into any other province of Canada."

Unless the Prime Minister contends that this restraint can be put in legislative form under the broad provision of peace, order and good government, then I would submit that the parliament of Canada cannot otherwise provide in view of the recent judgment of the Supreme Court of Canada in the stated case which was placed before them.

As to the second provision, that the restraint would operate unless "the sale and manufacture in, and the interprovincial movement between all provinces of Canada other than Newfoundland, of oleomargarine" is permitted, that alternative has already been swept aside by virtue of the fact that one province has already taken steps to prevent the use of margarine therein. I refer to the province of Prince Edward Island. Consequently, as to this reference to all provinces, that loophole is not open, and we come back to the point that this restriction is effective.

If the dominion government have the right to permit the manufacture of oleomargarine, they also have the right to deny the manufacture of it. That seems an obvious proposition. If they have the right either to permit or to deny the manufacture, and also the right to place a prohibition upon the movement of the product, out of a province, then they must be asserting a right on some other ground than that which was put before the Supreme Court of Canada at the time this argument was being heard. The Supreme Court of Canada has found in its judgment on the stated case that it is not competent for the parliament of Canada to place a restriction on the manufacture and sale of margarine. If that is so, then I do not know how the dominion government is exercising that authority now, by agreement or otherwise, because the agreement becomes part of an act of this legislative body, and ultimately, if approved, of the parliament of Canada. It seems

transport, il affirme par le fait même son droit de légiférer en la matière. S'il en a le droit, il est vain de dire aux provinces qu'il ne l'a plus; il doit l'exercer, s'il estime que la loi qui était en vigueur aurait dû demeurer exécutoire. S'il revendique maintenant le droit de s'occuper de la chose au nom de la paix, de l'ordre et du bon gouvernement, il aurait dû faire cette revendication au moment où la Cour suprême du Canada était appelée à se prononcer sur la question.

Il ne s'agit pas, je le répète, d'étudier l'à-propos de permettre la fabrication et la vente de la margarine, mais bien de savoir s'il y a lieu de prendre des mesures en contradiction des dispositions de l'article 121 de notre constitution, où il est dit que tout objet qui aura crû, aura été produit ou aura été fabriqué dans une des provinces sera, à partir de l'union, admis en franchise dans chacune des autres provinces. Il peut sembler avantageux, dans un cas particulier, de modifier la constitution ou de s'en écarter, mais lorsqu'il y a tentative de passer outre aux dispositions de la constitution, nous devons nous rappeler que, si avantageux que le procédé paraisse au Gouvernement dans ce cas particulier, il établit un précédent qu'on pourrait invoquer en d'autres circonstances pour justifier une mesure analogue à l'égard de toute autre denrée ou de tout autre produit.

Comme je l'ai signalé, il ne s'agit pas d'un cas où l'on peut proposer la suppression d'un passage; on ne peut non plus présenter d'amendement. Il s'agit d'approuver intégralement l'entente qui doit également être ratifiée par un autre gouvernement comme base de l'union. De nouveau, je prie le premier ministre de songer à l'effet de cette disposition du point de vue constitutionnel. S'il juge qu'il y a lieu de s'inquiéter au sujet de la réserve qu'impose cette disposition, il pourrait s'entendre avec le gouvernement de Terre-Neuve sur un amendement approprié qui serait acceptable aux deux gouvernements intéressés.

Le très hon. M. ST-LAURENT: J'accepte certaines prémisses énoncées par le chef de l'opposition, mais non pas la conclusion qu'il en tire. D'abord, je prie les honorables députés de noter le texte de l'article 121. Celui qui l'a rédigé n'est pas brouillé avec la grammaire. L'article ne dit pas que tout objet qui aura crû, aura été produit ou aura été fabriqué dans une des provinces sera,

to me that in this matter the government is on the horns of a dilemma. If they are going to assert the right to permit the manufacture and restrain the movement, then they are asserting a right to deal with this subject. If they have the right to deal with this subject, then it is no use saying to the provinces that they no longer have the right to deal with it. They should exercise that right if in fact they feel that the law which was in force should have been continued in force. If they now assert that they have the right to deal with this under the provision of peace, order and good government, then that right should have been asserted at the time this argument was being dealt with by the Supreme Court of Canada.

I repeat that the question under consideration is not the desirability or otherwise of permitting the manufacture and sale of oleomargarine. It is a question of whether or not any step is to be taken which challenges the provision, in section 121 of our constitution, that all articles of the growth, produce, or manufacture of any one of the provinces shall, from and after the union, be admitted free into each of the other provinces. In a particular case some variation or evasion of the constitution may seem desirable; but where any attempt is made to disregard the provisions of the constitution, then I think we should remember that, no matter how desirable it may seem to the government in a particular case, they are establishing a precedent for similar action in regard to any other commodity or product at some other time.

As I said in my earlier remarks, this is not a case where we can move to delete a passage; it is not a case where we can move to amend. It is an agreement which we must accept as a whole in view of the fact that it is to be approved by another government as a basis of union. I again urge the Prime Minister to consider the effect of this provision from a constitutional point of view, and, if he feels there is any reason for concern about the restraint imposed by this provision, to take up with the government of Newfoundland an appropriate amendment which would meet the approval of both governments.

Mr. ST. LAURENT: With some of the premises mentioned by the hon. leader of the opposition I am in full agreement, but of course I do not agree with the conclusion that he draws. First of all I should like to call the attention of hon. members to the language of section 121. This section was drawn up by a gentleman who knew the rules of English grammar. It does not say

à partir de l'union, admis "librement" *(freely)* dans chacune des autres provinces. L'article prescrit que ces objets seront admis "en franchise" *(free)* dans chacune des autres provinces. Les tribunaux qui ont déjà été saisis de la question, ont exprimé l'opinion que l'article signifie bien que tout objet qui aura crû, aura été produit ou fabriqué dans une des provinces sera, à partir de l'union, admis en franchise, c'est-à-dire sans acquitter les droits de douane, dans chacune des autres provinces.

L'autre prémisse énoncée par le chef de l'opposition est une paraphrase, — faite par celui qui était alors juge en chef de la Cour suprême du Canada, — de la décision rendue dans la cause Russell contre la Reine. Le chef de l'opposition se souvient probablement de feu lord Haldane. Ce dernier a peut-être plaidé plus de causes d'ordre constitutionnel devant le Conseil privé que tout autre homme de notre génération. Il est devenu par la suite lord chancelier et a présidé à bien des causes d'ordre constitutionnel. Lord Haldane a révélé que, relativement à la cause Russell contre la Reine, il existait une entente tacite entre les avocats qui plaidaient devant le Conseil privé pour ne pas faire mention de cette cause. Dans un cas, cependant, ayant eu à en faire mention, il dit que le seul motif sur lequel pouvait s'appuyer la décision du Conseil privé dans la cause Russell contre la Reine était celui-ci: les lords du Conseil privé auraient apparemment supposé qu'à l'époque où la législation a été adoptée, l'intempérance était répandue au Canada à un tel point qu'il fallait l'envisager comme la guerre ou la peste.

La différence entre l'oléomargarine et les qualités explosives des boissons enivrantes est sans doute appréciable; toutefois, dans les cas où il a été établi que les provinces auraient compétence en matière de boissons enivrantes, il leur appartenait également de s'occuper, dans leur territoire de toutes les questions de portée locale ou privée, de tout ce qui visait le maintien de la paix, de l'ordre et de la bonne administration en deçà de leurs frontières. Je rappelle au chef de l'opposition qu'une majorité des juges de la Cour suprême ont invoqué et réfuté tous les arguments possibles tendant à démontrer la compétence du Parlement fédéral relativement à l'oléomargarine; or la décision rendue portait que l'autorité centrale, en tentant d'interdire la fabrication et la vente de l'oléomargarine, empiétait indûment sur les droits civils et les droits à la propriété, puisqu'il s'agissait d'une question d'intérêt local et particulier au sein d'une province. Les juges ont donc remis la question dans la sphère ou ca-

that all articles of the growth, produce, or manufacture of any one of the provinces shall, from and after the union, be admitted "freely" into each of the other provinces. It says they shall be admitted "free" into each of the other provinces. That section has already been under consideration by the courts, and the courts have held that it meant that these articles of the growth, produce or manufacture of any one of the provinces shall, from and after the union, be admitted free of customs duties into any other province.

The other premise cited by the hon. leader of the opposition is a paraphrase by the then chief justice of the Supreme Court of Canada of language used in the decision in the case of Russell and the Queen. The hon. leader of the opposition probably remembers the late Lord Haldane, who perhaps argued more of the constitutional cases before the privy council than any other man of our generation, and who afterwards became Lord Chancellor and sat on a great many of the constitutional cases. He stated with reference to Russell and the Queen that it was a tacit convention among lawyers who appeared before the privy council that they did not refer to Russell and the Queen, although in one instance, having had to refer to it, he said that the only ground upon which the decision of the privy council in Russell and the Queen could be justified was on the assumption that must have been made by their lordships in the privy council at that time, that the evil of drunkenness was so prevalent in Canada when the legislation was passed that it could be regarded as war or pestilence.

No doubt there is a substantial difference between oleomargarine and the explosive qualities of intoxicants; but in the cases where the jurisdiction of the provinces to deal with the control of intoxicants was established, the jurisdiction was placed within the provinces to deal with everything that was local and private within their territory, everything that applied to the maintenance of peace, order and good government within their territory. I may say to the leader of the opposition that all possible arguments to support the jurisdiction of the federal parliament with respect to oleomargarine were urged and were dismissed by a majority of the judges of the supreme court; and the decision there was that it was an undue interference with property and civil rights, in a matter which was local and private within the province, for the federal parliament to attempt to prohibit the manufacture and sale of oleomargarine. So they did put it back in the same sphere, the same zone,

tégorie qui avait justifié l'intervention des assemblées législatives à l'égard des boissons alcooliques: ils l'ont rattachée à l'ordre et à la bonne administration que la province doit assurer, sur le plan régional et privé, en deçà de ses frontières. Le Parlement canadien exerçant, comme l'a signalé le juge en chef, la compétence dont il jouit dans le domaine du droit criminel, a imposé des peines à ceux qui passeraient outre, par des transactions interprovinciales, aux interdictions prévues dans les lois provinciales.

Je crois que, sans violer un autre principe, on pourrait arriver au même résultat, si les provinces interdisaient la vente et la fabrication de la margarine sur leur territoire. En effet, depuis ces décisions, il en est venu une autre, — je crois qu'il s'agissait de l'affaire des produits pharmaceutiques décidée par le Conseil privé, — que la loi criminelle ne supposait aucun concept moral et que chaque fois que le législateur, à tort ou à raison, estime que l'intérêt public exige qu'une chose soit interdite sous peine de sanction, c'est à lui qu'il appartient de juger de sa moralité. Certains d'entre nous se sont étonnés de ce que la décision eût une telle portée; mais il reste que c'est en vertu de ce principe qu'a été réglée une de ces questions constitutionnelles.

On aurait peut-être hésité à inclure une telle disposition dans une mesure autre qu'une loi destinée à être ratifiée par le Parlement canadien et confirmée par le Parlement britannique et qui, en outre, n'entrera pas en vigueur avant d'avoir été ainsi ratifiée et confirmée. Cela fait, elle aura force de loi dans la même mesure que l'Acte de l'Amérique du Nord britannique, dont elle aura la permanence, même si elle peut s'écarter, du point de vue de la procédure, de ce qui peut se trouver ailleurs dans ledit acte. Elle n'entrera en vigueur que lorsque le Parlement du Canada et celui du Royaume-Uni lui auront donné force de loi; et même si elle laisse supposer qu'on prend une mesure qui ne pourrait normalement être adoptée en vertu de l'Acte de l'Amérique du Nord britannique, cela n'étendra pas la portée de cet acte et ne servira pas de précédent pour le faire, autrement qu'en s'adressant de nouveau au Parlement du Royaume-Uni. Je n'admets pas que cela dépasse la portée de l'Acte de l'Amérique du Nord britannique, mais je dis que même s'il en était ainsi, par suite de la confirmation des conditions par le Parlement du Royaume-Uni, elle recevrait la même autorité législative que l'Acte de l'Amérique du Nord britannique luimême. Si cet acte ne permet pas qu'une mesure de ce genre soit prise normalement, le fait qu'elle se trouve dans l'accord avec Terre-Neuve n'éten-

that justified the actions of the provincial legislatures in dealing with the liquor problem; something which related to order and good government privately and locally within the confines of the province. The parliament of Canada, exercising — as was said by the chief justice — such jurisdiction as it may have in respect of the criminal law, imposed penalties against those who violated, by interprovincial operations, the prohibitions contained in provincial laws.

I think that without violating any other principle the same could be done if the provinces prohibited the manufacture and sale within their confines of oleomargarine, because since those decisions there has been the decision — I think it was in the pharmaceutical case, by the privy council — that criminal law did not involve any ethical or moral concept, and wherever the legislator, rightly or wrongly, felt that the public interest required a thing to be forbidden under penalties, he was the one to judge whether or not that was criminal. Some of us were surprised that the judgment went that far, but that was the ground upon which one of these constitutional cases was decided.

Here one might possibly have hesitated to make that kind of provision in anything but an agreement that was being subjected to both ratification by the parliament of Canada and confirmation by the parliament of the United Kingdom, and it will not come into force until it has received both ratification by this parliament and confirmation by the parliament of the United Kingdom. When it has received that it will have force of law to the same extent and to as great solidity as the British North America Act itself, even though it might, as it does, in the procedure depart from what would otherwise be in the British North America Act. It will not come into operation until both this parliament and the parliament of the United Kingdom will have given it force of law; and even if it did imply that something was being done which could not normally be done under the British North America Act, that would not enlarge the British North America Act and would not serve as a precedent for doing it in any other manner than by going back again to the parliament of the United Kingdom. I am not conceding that it is beyond the purview of the British North America Act, but I am saying that, even if it was, by virtue of the confirmation of the terms by the parliament of the United Kingdom it would get the same legislative authority the British North America Act it-

dra pas, dans d'autres cas, la portée de l'Acte de l'Amérique du Nord britannique.

A mon avis, nous ne créons nullement une situation qui pourrait être embarrassante à l'avenir autrement qu'à titre d'obstacle au commerce de l'oléomargarine.

(L'article est adopté.)

Sur l'article 47 (impôt sur le revenu).

. . .

(L'article est adopté.)

Les articles 48 à 50 inclusivement sont adoptés.

L'annexe est adoptée.

Le titre est adopté.

M. le président suppléant: Le projet de loi est-il adopté?

Des voix: Sur division.

M. le président suppléant: Dois-je faire rapport du projet de loi?

Des voix: Sur division.

(Rapport est fait du projet de loi.)

. . .

self has. If the British North America Act does not allow a thing like this to be done normally, the fact that it was in the agreement with Newfoundland would not enlarge, for other cases, the terms of the British North America Act.

So I do not think we are in any way creating anything that is apt to be embarrassing in the future in any other respect than as an impediment to the trade in oleomargarine.

Section agreed to.

On section 47 — *Income taxes.*

. . .

Section agreed to.

Sections 48 to 50 inclusive agreed to.

Schedule agreed to.

Title agreed to.

The Deputy Chairman: Shall the bill carry?

Some hon. Members: On division.

The Deputy Chairman: Shall I report the bill?

Some hon. Members: On division.

Bill reported.

. . .

865. 2828-40

Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Great Britain to Secretary of State for External Affairs

TELEGRAM 331 London, February 10, 1949

RESTRICTED. My telegram No. 181, January 20th, union with Newfoundland. The debate initiated by Lord Sempill took place on February 9th in the House of Lords; there was no vote. He criticized the union of Newfoundland with Canada, both on the merits and from the point of view of constitutional procedure. He said that Responsible Government should be restored to the people of Newfoundland before anything else. At the close of the debate he announced his intention of introducing a Newfoundland Liberation Bill (presumably in the same terms as the Bill that A. P. Herbert hoped to introduce in the House of Commons). He complained that the Commission of Government of Newfoundland had exceeded their constitutional powers in pushing Newfoundland into confederation with Canada. He also said that "there is a feeling widely held there (i.e. in Newfoundland) that they are being sold by His Majesty's Government to Canada."

2. Lord Rennell (Liberal) argued that union with Canada was in the best interest of Newfoundland. He deprecated the charge that Newfoundland was

being "sold" to Canada. He pointed out that Canada was taking on a financial burden in accepting Newfoundland into confederation. However, although Lord Rennell is in favour of the union, he said that he was not entirely happy about the way in which it was being accomplished. "One might have hoped that greater thought would be given to the way in which such a big change in people's lives and their Government was effected, and that a different conclusion might have been reached. I can see that it would have been perfectly fair to restore an independent Government, and proceed by way of an election or a referendum after that."

3. Lord Ammon (Labour) also spoke. He was the Chairman of a Parliamentary delegation that visited Newfoundland some years ago. Lord Ammon holds a Government post in His Majesty's household and was presumably speaking as a minor member of the Government. He reviewed the history of the National Convention and the plebiscite and contended that everything has been done in a reasonable and democratic manner. He also praised the generosity of the terms of union.

4. Lord Swinton spoke for the Conservative Party. He expressed slight misgivings about the constitutional methods that have been used, and thought that some better form of consultation with the people of Newfoundland might have been worked out. He praised the terms of union and considered that the entry of Newfoundland into confederation was a good thing for Newfoundland. He pointed out that, when the proposed Government Bill is introduced here, it will include the future constitution of Newfoundland as a Province "and we shall then see exactly what rights are to be given."

5. The Lord Chancellor briefly reviewed the constitutional actions of the last three years, praised the terms of union and pointed out that Canada was assuming a heavy burden in agreeing to accept Newfoundland as a Province.

6. I am sending by airmail copies of the debate, which was quite short. The two interesting things that emerged were Lord Sempill's statement that he intended to introduce a Newfoundland Liberation Bill and Lord Swinton's implication that, when the Government Bill (i.e. the terms of union) comes before the House of Lords, some of its detailed provisions will be scrutinized.

866. 2828-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 88 St. John's, February 11, 1949

Following is the text of the Judgment, as published in the St. John's *Evening Telegram* on February 8th, on the application for leave to appeal to the Privy Council made by solicitors for the plaintiffs in the action taken against members of the Commission of Government in connection with the Confederation proceedings:

"Having considered the arguments of counsel, I am of opinion that leave should be granted to appeal to the Privy Council on the following conditions:

(1) The applicants shall comply with rule (a) as to the provision of security herein within one month of this date.

(2) The applicants shall take all such steps as are necessary to ensure the despatch to England of the record within two months of this date. Mr. Justice Dunfield requests me to say that he concurs in this decision.

(SGD) L. E. EMERSON, CHIEF JUSTICE.

I concur.

(SGD) H. A. WINTER, JUDGE."

2. You will recall that the case was first argued before Judge Dunfield of the Supreme Court, and that he dismissed the action on December 13th. Solicitors for the plaintiffs took the action to the Full Bench of the Supreme Court and on January 22nd the action was dismissed by the Full Bench. The Chief Justice and Judge Winter stated at that time that they would prepare written judgments but these have not yet been made public.

3. The application for leave to appeal was made under the following rule applicable to Newfoundland on appeals to the Judicial Committee of the Privy Council: "Rule 2: subject to the provisions of these rules an appeal shall lie

(a) as of right from any final judgment of the Court where the matter in dispute on the appeal amounts to or is of the value of £500 sterling or upwards, or where the appeal involves, directly or indirectly, some claim or question to or respecting property or some civil right amounting to or of the value of £500 sterling or upwards; and

(b) At the discretion of the Court, from any other judgment of the Court, whether final or interlocutory, if, in the opinion of the Court, the question involved in the appeal is one which, by reason of its great general or public importance or otherwise, ought to be submitted to His Majesty in Council for decision."

867.

Extraits des Débats de la Chambre des Communes[162]

Extracts from Debates of the House of Commons[162]

. . .

TERRE-NEUVE

APPROBATION [DES CONDITIONS] DE L'UNION AVEC LE CANADA

Le très hon. L. S. ST-LAURENT (premier ministre) propose la 3e lecture du bill nº 11 tendant à approuver les conditions de l'union de Terre-Neuve avec le Canada.

[162]Canada, Chambre des Communes, *Débats*, 1949, volume 1, pp. 487-8. Ce débat a eu lieu le 11 février.

. . .

NEWFOUNDLAND

APPROVAL OF TERMS OF UNION WITH CANADA

Right Hon. L. S. ST. LAURENT (Prime Minister) moved the third reading of Bill No. 11, to approve the terms of union of Newfoundland with Canada.

[162]Canada, House of Commons, *Debates*, 1949, Volume 1, pp. 471-2. This debate took place on February 11.

M. JOHN R. MACNICOL (Davenport): Monsieur l'Orateur, je ne retarderai que d'un moment l'adoption de cet important bill historique. Je connais assez bien cette île magnifique, qui doit constituer notre dixième province; il semble que je doive dire quelques mots. Terre-Neuve était représentée à la conférence de Québec de 1864 où quatre provinces, l'Ontario, le Québec, la Nouvelle-Écosse et le Nouveau-Brunswick, décidèrent de former une confédération. J'aime à me rappeler les paroles de sir Ambrose Shea, un des représentants de Terre-Neuve. Pour leur part, jugeant les propositions convenables, ils se seraient ralliés à la confédération mais n'y étaient pas autorisés à cette époque. Depuis 1864, les tenants de la Confédération, tant au Canada qu'à Terre-Neuve, attendent ce jour. Nous nous réjouissons tous, j'en suis sûr, de la perspective qui s'offre à nous. Je ne répéterai pas les termes précis de sir Ambrose Shea. Il a dit que, en face de l'avenir, les mots suffisaient à peine à décrire les horizons nouveaux que la confédération ouvrirait à sa province et au Canada.

La Confédération a dépassé les prévisions les plus optimistes de Sir Ambrose Shea, car ni la Colombie-Britannique ni les trois provinces de l'Ouest ne faisaient alors partie du Canada. S'il avait été donné à sir Ambrose d'entrevoir le Canada d'aujourd'hui, dont Terre-Neuve sera la dixième province, il aurait constaté que nous possédons un fleuve, le Mackenzie, dont le bassin, situé entièrement dans le même pays, est le plus considérable de tous ceux du continent nord-américain. Certains diront que j'oublie le Mississippi; le bassin de ce fleuve, cependant, n'est pas tout entier dans les États-Unis; il s'étend à une partie de l'Alberta et de la Saskatchewan. Le fleuve Mackenzie, au contraire, est tout entier au Canada.

Le Canada longe également le plus grand lac du monde, bien qu'il ne soit pas en entier au Canada; il s'agit du lac Supérieur, d'une étendue totale de 31,000 milles carrés, dont 11,000 milles carrés au Canada. Nous possédons aussi des montagnes d'une hauteur exceptionnelle. A l'époque, sir Ambrose Shea, ignorait que les monts St-Élie, situés à la frontière du Yukon et de l'Alaska et qui s'élèvent à une grande hauteur, appartenaient au territoire canadien. Le mont Logan, d'une altitude de 19,850 pieds, est de tous ces pics le plus élevé. Le Canada jouit de ressources inépuisables. Qu'aurait donc vu sir Ambrose Shea? Un Canada qui compte parmi les plus vastes pays du monde. La Russie, y com-

Mr. JOHN R. MACNICOL (Davenport): Mr. Speaker, I shall not delay for more than a few moments the passage of this important and historic bill. I am fairly familiar with that magnificent island which is to be our tenth province; yet I feel that I should speak very briefly. Newfoundland was represented at the Quebec conference of 1864, when the four provinces of Canada, Ontario, Quebec, Nova Scotia and New Brunswick — decided to enter confederation. I often recall the words of Sir Ambrose Shea, who was one of the two Newfoundland representatives. So far as they were concerned they were satisfied with the proposals and would have joined the confederation, but did not have the authority to do so at that time. Even since 1864, well-wishers of confederation, both in Newfoundland and in Canada, have looked forward to this day. I am sure we are all happy indeed at the prospect that lies before us. I will not repeat the exact words of Sir Ambrose Shea, but he said that, looking into the future, he could hardly describe the great vista that opened before him, in the realization of what confederation would mean to his province and to Canada.

Confederation has turned out to be something much greater than anything Sir Ambrose Shea could have visualized. At that time British Columbia was not a part of Canada, nor were the three western provinces. If Sir Ambrose could have foreseen the Canada of today, of which Newfoundland will be the tenth province, he would have seen that we have one river, the Mackenzie, with the largest basin, all in the same country, on the whole continent of North America. Some will say at once that I am forgetting the Mississippi, but the basin of the Mississippi is not all in the United States; part of it is in Alberta and part of it is in Saskatchewan. The Mackenzie river is wholly in Canada.

Canada also borders the largest lake in the world, although not all of it is in Canada. Eleven thousand square miles of the 31,000 square miles of Lake Superior are in Canada. We also have exceptionally high mountains. At the time of Sir Ambrose Shea, the St. Elias group of mountains between Yukon and Alaska, which rises to a great height, were not known to be in Canada. The highest mountain in that range is Mount Logan, with a height of 19,850 feet. Canada has inexhaustible resources. What would Sir Ambrose Shea have seen? He would have seen that the Canada of today is one of the largest national areas in the world. I believe we are exceeded only by Russia, including Siberia, but we are larger

pris la Sibérie, est, je crois, le seul pays plus vaste que le nôtre; mais nous l'emportons sur la Russie d'Europe. Avec Terre-Neuve, d'une étendue de 152,000 milles carrés, notre pays aura désormais une superficie de près de 3,750,000 milles carrés. Notre population, augmentée de celle de Terre-Neuve et du Labrador sera de près de 13 millions et demi d'âmes.

Nous sommes devenus un État important tant par notre population que par l'étendue de notre territoire. Les États-Unis sont plus populeux, mais leur territoire continental compte peut-être 750,000 milles carrés de moins que le nôtre. Même avec l'Alaska, il en a 150,000 milles carrés de moins. Je songe souvent à l'inscription sur la Bourse de Londres, près du monument commémorant le grand incendie. Peut-être est-elle disparue au cours de la dernière guerre, car il se peut que l'édifice ait été bombardé. On y lisait: "La terre est à l'Éternel, et tout ce qu'elle contient." Lorsque Dieu a créé notre pays, il a dû songer à toutes les richesses qu'il contient, car à bien des égards le Canada est matériellement un des plus riches du globe. C'est ainsi qu'il possède les neuf dixièmes de tout le nickel au monde.

. . .

En entrant dans la Confédération, Terre-Neuve s'unit donc à l'un des grands pays du monde qui, avec la nouvelle province, deviendra encore plus grand. Voilà à mon sens, une occasion solennelle. Songeons aux nombreux efforts tentés depuis plus de quatre-vingts ans, c'est-à-dire de 1864 à 1949, en vue d'achever l'oeuvre de la confédération. Une fois le bill adopté, et la Chambre n'y manquera pas, la confédération sera complète. Les générations futures se souviendront de cette année importante où la confédération canadienne a été menée au terme qu'envisageaient ses auteurs en 1864 et, de nouveau, en 1867. Nous ne serons plus ici; mais on se souviendra de notre apport, — si faible soit-il, — à la réalisation de l'oeuvre que les Pères de la Confédération avaient tant à coeur.

. . .

(La motion est adoptée; le bill est lu pour la 3e fois et adopté.)[163]

. . .

[163]Le bill fut adopté par le Sénat le 17 février. L'Acte de l'Amérique du Nord britannique (1949) est reproduit dans l'appendice L.

than European Russia. Together with Newfoundland's 152,000 square miles we shall now have approximately 3,750,000 square miles. Including Newfoundland and Labrador, the population of Canada will be very close to thirteen and a half million people.

We have grown to be a very great state both in area and in population. Our cousins to the south have a larger population, but continental United States is more than 750,000 square miles smaller than Canada. Including Alaska it is perhaps 150,000 square miles less. I do not know whether it is there now because the building may have been blown down in the late war, but I often think of the inscription on the money exchange building in London near the famous monument to the great fire. The inscription is: "The earth is the Lord's, and the fulness thereof." When God made this part of the world he must have been thinking of the fulness of this country, because, interpreting fulness as material wealth, in many respects we surpass the whole world. For instance, there is nickel; in Canada we have approximately nine-tenths of all the nickel in the world.

. . .

In coming into confederation, therefore, Newfoundland is joining one of the great countries of the world, and with the new province we shall make a greater country still. To me it is a solemn occasion when I think that from 1864 to 1949, a period of over eighty years, many efforts have been made to make confederation complete. When this bill passes the house, as it will, confederation will be complete. As the years roll on, those who come after us will refer to that great year when the confederation of Canada was completed as the fathers of confederation visualized it in 1864 and 1867. We in this house will be off the scene at that time, but we will be remembered for our humble parts in bringing to pass what the fathers of confederation sought to accomplish.

. . .

Motion agreed to and bill read the third time and passed.[163]

. . .

[163]The Bill was passed by the Senate on February 17. The British North America Act (1949) is printed in Appendix L.

868.

Extraits des débats de la Chambre des Communes[164]

Extracts from Debates of the House of Commons[164]

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TERRE-NEUVE

CONDITIONS DE L'UNION AVEC LE CANADA — ADRESSE À SA MAJESTÉ LE ROI

Le très hon. L. S. ST-LAURENT (premier ministre) propose:

Considérant que, par le texte de l'accord conclu le onzième jour de décembre 1948 entre le Canada et Terre-Neuve, il a été convenu des Conditions de l'Union de Terre-Neuve au Canada, sous réserve de l'approbation du Parlement du Canada et du Gouvernement de Terre-Neuve;

Considérant que les clauses de l'union stipulent qu'elles entreront en vigueur immédiatement avant l'expiration du trente et unième jour de mars 1949, si Sa Majesté a sanctionné, avant cette date, une loi du Parlement du Royaume-Uni de Grande-Bretagne et d'Irlande du Nord confirmant lesdites clauses;

Et considérant que le Parlement du Canada a approuvé les Conditions de l'Union;

Qu'un humble adresse soit présentée à Sa Majesté le Roi dans les termes suivants:

A Sa Très Excellente Majesté le Roi,

Très Gracieux Souverain,

Nous, sujets très dévoués et fidèles de Votre Majesté, membres de la Chambre des communes (du Sénat) [*sic*] du Canada en Parlement assemblés, approchons humblement Votre Majesté, demandons respectueusement qu'Elle daigne faire soumettre au Parlement du Royaume-Uni une mesure renfermant les considérants et les clauses ci-après énoncés en vue de confirmer et mettre à exécution les clauses d'union dont sont convenus le Canada et Terre-Neuve;

Loi ayant pour objet de confirmer et de mettre à exécution les clauses d'union dont sont convenus le Canada et Terre-Neuve.

Considérant que, au moyen d'un referendum, la population de Terre-Neuve a signifié par un vote majoritaire son désir de s'unir à la Confédération canadienne;

[164]Canada, Chambre des Communes, *Débats*, 1949, volume 1, pp. 511-6, 519-22, 524-7. Ce débat a eu lieu le 14 février.

. . .

NEWFOUNDLAND

TERMS OF UNION WITH CANADA — ADDRESS TO HIS MAJESTY THE KING

Right Hon. L. S. ST. LAURENT (Prime Minister) moved:

That, whereas by a memorandum of agreement entered into on the eleventh day of December, 1948, between Canada and Newfoundland, the terms of union of Newfoundland with Canada were agreed to, subject to approval by the parliament of Canada and the government of Newfoundland;

And whereas the terms of union provide that they shall come into force immediately before the expiration of the thirty-first day of March, 1949, if His Majesty has theretofore given his assent to an act of the parliament of the United Kingdom of Great Britain and Northern Ireland confirming the same;

And whereas the terms of union have been approved by the parliament of Canada;

A humble address be presented to His Majesty the King in the following words:

To the King's Most Excellent Majesty:

Most Gracious Sovereign:

We, Your Majesty's most dutiful and loyal subjects, the House of Commons of Canada in parliament assembled, humbly approach Your Majesty, praying that you may graciously be pleased to cause to be laid before the parliament of the United Kingdom a measure containing the recitals and clauses hereinafter set forth to confirm and give effect to the terms of union agreed between Canada and Newfoundland;

An act to confirm and give effect to the terms of union agreed between Canada and Newfoundland.

Whereas by means of a referendum the people of Newfoundland have by a majority signified their wish to enter into confederation with Canada;

[164]Canada, House of Commons, *Debates*, 1949, Volume 1, pp. 493-8, 501-4, 506-9. This debate took place on February 14.

Considérant que le Parlement du Canada et le Gouvernement de Terre-Neuve ont dûment approuvé l'Accord renfermant les Conditions de l'Union du Canada et de Terre-Neuve, reproduit à l'Annexe à la présente loi;

Et considérant que le Canada a demandé l'adoption d'une loi du Parlement du Royaume-Uni confirmant et mettant à exécution ledit Accord et y a consenti, et que le Sénat et la Chambre des communes du Canada, réunis en Parlement, ont présenté une adresse à Sa Majesté, demandant humblement que Sa Majesté daigne soumettre à cette fin un projet de loi au Parlement du Royaume-Uni;

A ces causes, Sa Très Excellente Majesté le Roi, sur l'avis conforme et avec l'assentiment des lords spirituels et temporels et des Communes assemblés en session du présent Parlement, et d'après l'autorité de celui-ci, décrète:

1. L'Accord renfermant les Conditions de l'Union du Canada et de Terre-Neuve, reproduit à l'Annexe à la présente loi, est par les présentes confirmé et aura force de loi nonobstant toute disposition des Actes de l'Amérique du Nord britannique, 1867 à 1946.

2. La présente loi peut être citée sous le titre: Acte de l'Amérique du Nord britannique, 1949; et les Actes de l'Amérique du Nord britannique, 1867 à 1946, et la présente loi peuvent être cités ensemble sous le titre: Actes de l'Amérique du Nord britannique, 1867 à 1949.

Annexe
(Texte intégral des conditions de l'union)

— Monsieur l'Orateur, c'est véritablement un grand honneur que celui d'avoir le privilège de soumettre à cette Chambre, la Chambre des communes, une partie d'une Adresse conjointe à présenter à Sa Majesté en vue de faire confirmer les conditions de l'union de Terre-Neuve au Canada. C'est le dernier stade des mesures que la Chambre doit adopter pour réaliser l'union des deux pays. J'ai l'assurance que tous les députés, — les applaudissements qui m'ont accueilli quand je me suis levé pour présenter la résolution en témoignent, — de même que les populations du Canada et de Terre-Neuve, savent toute la portée historique de l'acte final que nous allons poser ici cet après-midi.

Aux termes de la résolution que vous avez lue, l'accord, une fois conclu, n'est censé être ratifié par le Parlement du Canada et le gouvernement de Terre-Neuve que si Sa Majesté a sanctionné, avant l'expiration du 31 mars 1949, une loi du parlement du Royaume-Uni confirmant l'accord. J'ai déjà exposé à la Chambre, et je rappel-

And whereas the agreement containing terms of union between Canada and Newfoundland set out in the schedule to this act has been duly approved by the parliament of Canada and by the government of Newfoundland;

And whereas Canada has requested and consented to the enactment of an act of the parliament of the United Kingdom to confirm and give effect to the said agreement and the Senate and House of Commons of Canada in parliament assembled, have submitted an address to His Majesty praying that His Majesty may graciously be pleased to cause a bill to be laid before the parliament of the United Kingdom for that purpose;

Be it therefore enacted by the King's Most Excellent Majesty, by and with the advice and consent of the lords spiritual and temporal, and Commons, in this present parliament assembled, and by the authority of the same, as follows:

1. The agreement containing terms of the union between Canada and Newfoundland set out in the schedule to this act is hereby confirmed and shall have the force of law notwithstanding anything in the British North America Acts, 1867 to 1946.

2. This act may be cited as the British North America Act, 1949, and the British North America Acts, 1867 to 1946, and this act may be cited together as the British North America Acts, 1867 to 1949.

Schedule
(Full text of terms of union)

He said: Mr. Speaker, it is indeed a great honour to have the privilege of presenting to this house the House of Commons' part of a joint address to be presented to His Majesty to confirm the terms of union of Newfoundland with Canada. This is the final act in the proceedings required to be adopted by this house to bring about the union of those two countries. I am sure — and the applause which greeted me when I rose to present this resolution is confirmation of it — that all members of this house, and the people of Canada and of Newfoundland as well, appreciate the historic significance of this final act which we are now about to accomplish.

The terms of the resolution which you, sir, have read indicate that, agreement having been entered into, ratification by the parliament of Canada and the government of Newfoundland shall come into effect only if His Majesty gives royal assent to a bill of the parliament of the United Kingdom confirming it before March 31,

le en résumé les raisons qui motivent cette façon de procéder.

Comme la Chambre et le public le savent parfaitement, l'Acte de l'Amérique du Nord britannique de 1867 renferme certaines dispositions en vue de l'union de Terre-Neuve au Canada. Il établit le mode de procédure qui eût été approprié à l'époque et, de fait, pour plusieurs années par la suite, afin de réaliser l'union. Il ressemble au mode de procédure prévu pour l'entrée de l'Île du Prince-Édouard et la Colombie-Britannique dans la Confédération. Il y a donc lieu de conclure, aux termes de l'Acte de l'Amérique du Nord britannique, que de l'avis de ceux qui ont participé aux conférences préliminaires à l'Acte, la population du nouveau dominion, pour qui l'Acte de l'Amérique du Nord britannique allait être la constitution, et celle de Terre-Neuve étaient appelées, en fin de compte, à unir leurs destinées.

En 1946 et 1947, lorsqu'on a entamé les délibérations qui sont sur le point d'atteindre leur plein couronnement, les circonstances ne permettaient plus de suivre la méthode prévue à l'Acte de l'Amérique du Nord britannique. Cette méthode aurait exigé des adresses de la part des Chambres du Parlement canadien, de la part de la législature responsable de Terre-Neuve et une proclamation de Sa Majesté suivant l'avis de son très honorable conseil privé responsable au Parlement du Royaume-Uni. Deux événements survenus au cours des quatre-vingts ans ont rendu cette méthode inapplicable.

D'abord, en 1933, la constitution de Terre-Neuve a été suspendue et la colonie est restée sans assemblée législative. En second lieu, en raison de l'évolution reconnue aux termes du Statut de Westminster, Sa Majesté n'exerce plus ses prérogatives sur l'avis de son très excellent Conseil privé responsable au Parlement du Royaume-Uni, mais sur l'avis de ses ministres canadiens.

Comme les dispositions de l'article 146 de l'Acte de l'Amérique du Nord britannique ne s'appliquaient plus, il a fallu recourir à une autre manière commode de procéder. Le précédent qui fut établi lorsque le Canada décida de céder à l'Alberta et à la Saskatchewan les ressources naturelles de ces provinces s'est révélé utile; on a donc décidé d'y recourir de nouveau. Ce mode de pro-

1949. I have already indicated to the house, and I shall summarize them briefly, the reasons for resorting to this form of procedure.

It is well known in this house and by the public that there were provisions in the British North America Act of 1867 looking to the union of Newfoundland with Canada and setting out the procedure which could conveniently have been followed at that time, and in fact for many years afterwards, to bring about that union — a procedure similar to that followed to bring about the entry into confederation of Prince Edward Island and British Columbia. This indication in the terms of the British North America Act was proof that those who had participated in the conferences which preceded it felt that the ultimate destiny of the people of Newfoundland was to come together with the people of the new dominion for which the British North America Act was to be the constitution.

When in 1946 and 1947 the proceedings were instituted which are now having their culmination at this time, the conditions were no longer such that the exact procedure provided for in the British North America Act could be followed. It would have required addresses from the houses of the Canadian parliament, addresses from the houses of the legislature of Newfoundland, and a proclamation by His Majesty on the advice of the United Kingdom privy council. There are two reasons why, after the lapse of eighty years, that procedure is no longer applicable.

First of all, the constitution of Newfoundland had been suspended in 1933, and there were no houses of the legislature of that colony. Second, on account of the developments which had been reflected in the terms of the Statute of Westminster, His Majesty no longer exercised the prerogative in respect to Canada on the advice of the United Kingdom privy council; he exercised it on the advice of his Canadian ministers.

The terms of section 146 of the British North America Act being no longer applicable, another procedure had to be resorted to. The precedent which had been set when the parliament of Canada decided to hand over the natural resources to the provinces of Alberta and Saskatchewan seemed to be convenient, and was selected as the one to follow in this instance.[165]

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[165]Some words in the next sentence were apparently omitted in the original reproduction of this paragraph in Hansard. A translation of the last sentence in the French paragraph reads as follows:

This procedure requires action by the parliament at Westminster, and that action I think is appropriate, not merely because it conforms to the precedent of 1930, — that is the correct year, I believe, — but also because it is the proper way to dispose of matters of common concern to Canada, Newfoundland and the United Kingdom.

cédure suppose l'adoption de certaines mesures par le parlement de Westminster; à mon avis, il est approprié d'y recourir non seulement en raison du précédent de 1930, — c'est bien, je crois, l'année dont il s'agit, — mais parce que c'est ainsi qu'il faut régler les questions intéressant à la fois le Canada, Terre-Neuve et le Royaume-Uni.

Depuis l'adoption, en 1933, par le parlement du Royaume-Uni, de la loi de Terre-Neuve, le gouvernement de Grande-Bretagne s'occupe d'administrer la colonie terre-neuvienne et de légiférer à son égard. En vertu du Statut de Westminster, notre Parlement a les mêmes droits que celui du Royaume-Uni d'édicter des lois de portée extra-territoriale, cependant, il n'eût pas été convenable que le Parlement canadien adoptât une loi tendant à assujettir à sa juridiction un territoire dont la compétence en matière législative est dévolue au parlement du Royaume-Uni.

Il y a eu une seconde raison de recourir à une procédure non explicitement prévue à l'Acte de l'Amérique du Nord britannique: c'est que, autrement, la validité de la législation aurait pu être mise en doute. Or personne, ni au Canada ni à Terre-Neuve, ne voudrait, j'en suis sûr, qu'une fois les conditions de l'union approuvées et confirmées, il pût y avoir le moindre doute au sujet de leur validité.

Aux termes du Statut de Westminster, la décision du parlement du Royaume-Uni ne peut entrer en vigueur à l'égard du Canada, sans la présentation d'une adresse conjointe de la part de nos deux chambres du Parlement. C'est ce que prévoit l'article 4 du Statut de Westminster, qui est ainsi conçu:

"Nulle loi du parlement du Royaume-Uni édictée postérieurement à l'entrée en vigueur de la présente loi ne fera partie ni ne sera considérée comme faisant partie de la législation d'un Dominion, à moins qu'il n'y soit formellement déclaré qu'elle a été édictée à la demande et avec l'assentiment dudit Dominion."

Bien entendu, le parlement siégeant à Westminster ne formulerait jamais une déclaration de ce genre dans le préambule d'un statut, si elle n'était bien fondée. Les adresses conjointes ont donc pour objet de permettre au parlement du Royaume-Uni de s'appuyer sur quelque chose de positif pour affirmer, dans le préambule de la loi confirmatoire de l'union, qu'elle est édictée à la demande et avec l'assentiment du Canada.

L'adresse, qui sera transmise à Sa Majesté, lui fera savoir que la population du Canada, s'exprimant par l'entremise de ses représentants au Parlement, souhaite que l'union devienne fait ac-

This procedure requires action by the parliament at Westminster, and that action I think is appropriate, not merely because it conforms with the precedent of 1930, but also because of believe it is the proper way to dispose of matters of common concern to Canada, Newfoundland and the United Kingdom.

Since 1933, when the parliament of the United Kingdom adopted the Newfoundland act of that year, the government of the United Kingdom has been responsible for the administration of and legislation concerning Newfoundland. While under the Statute of Westminster this parliament has equal rights with the parliament of the United Kingdom to enact legislation having extraterritorial effect, it would not have been proper for this parliament, by legislation of its own, to attempt to bring within its jurisdiction territory now under the legislative jurisdiction of the parliament of the United Kingdom.

There is a second reason why procedure not expressly provided for in the British North America Act was resorted to. If that procedure had been followed there might have been some question as to its legal effect. I am sure that the last thing anyone in Canada or Newfoundland would desire would be any possible doubt as to the legal effect of the terms of union as agreed to and confirmed.

Under the terms of the Statute of Westminster the action of the parliament of the United Kingdom cannot be effective in respect to Canada without joint addresses by our houses of parliament, because section 4 of the Statute of Westminster expressly provides:

"No act of parliament of the United Kingdom passed after the commencement of this act shall extend or be deemed to extend to a dominion as part of the law of that dominion unless it is expressly declared in that act that that dominion has requested and consented to the enactment thereof."

Of course no parliament sitting at Westminster would make a declaration of that kind in the preamble of a statute unless it had factual justification. The purpose of these joint addresses is to give the parliament of the United Kingdom factual justification for asserting in the preamble to the act to confirm this union that it is done at the request and with the consent of Canada.

This address will go to His Majesty as an expression, through their representatives in parliament, of the will of the people of Canada that union is desired and should take place. The terms

compli. Les termes de l'adresse sont très clairs. La Chambre a déjà accepté le principe voulant qu'on présente une telle adresse, lorsqu'elle a approuvé les conditions de l'union. L'article cinquante prévoit qu'elles entreront en vigueur seulement si Sa Majesté sanctionne, dans le délai prescrit, une loi du parlement du Royaume-Uni. La Chambre a donc consenti à la condition relative à l'adoption d'une loi par le Parlement du Royaume-Uni. A cette fin, le Statut de Westminster nous oblige à présenter une adresse, dont la Chambre est présentement saisie.

Il convient de dire que le Gouvernement, les membres de la Chambre, et en fait tous les Canadiens sont heureux de ce que la question de l'union de Terre-Neuve et du Canada ait été débattue à fond, sur un plan élevé, avec l'unanimité qui a marqué nos travaux la semaine passée. Nos futurs concitoyens doivent être heureux de penser que tous les partis en cette enceinte, qui représentent tous les éléments de la population, ont tous jugé que leur union avec nous était à désirer. Évidemment, les Canadiens n'ont jamais vraiment vu en Terre-Neuve un pays étranger, et son union au Canada procure à tous les Canadiens d'âge mûr un bonheur particulier. Nous avons en français un proverbe qui dit: Dis-moi qui tu hantes et je te dirai qui tu es. J'ai toujours cru que le proverbe anglais équivalent, c'était *Birds of a feather flock together (qui se ressemble s'assemble)*, mais c'est en vérité davantage. Me permettra-t-on de traduire le proverbe français? Il se rendrait à peu près comme ceci: "Dites-moi avec qui vous vous associez, et je saurai ce que vous êtes." Nous, Canadiens, sommes heureux de ce que ceux qui connaissent les habitants de Terre-Neuve, nos futurs associés, nous jugeront désormais à la lumière de ce qu'ils savent déjà des vigoureuses qualités de ce peuple admirable. Je souhaite aussi que les Terre-neuviens soient également heureux de se faire juger d'après les mérites que se sont acquis les Canadiens, par leurs réalisations, au cours des quatre-vingts ans qui se sont écoulés depuis la Confédération.

Comme je l'ai déjà déclaré en cette enceinte, les raisons qui militaient en faveur d'une étroite union entre Terre-neuviens et Canadiens ne manquaient pas. C'étaient une origine commune, une adhésion commune aux vrais principes de la liberté démocratique, un respect commun de la dignité de l'individu, une aversion commune pour les formes de gouvernements totalitaires ou autocratiques. Ces liens, dérivés d'une origine

of the address are self-explanatory. The house has already sanctioned the principle that there should be such an address, because it has approved the terms of union, the fiftieth of which is that they shall come into effect only if royal assent is given by His Majesty, within the time specified, to an act passed by the parliament of the United Kingdom. Therefore the requirement of an act of the parliament of the United Kingdom has been approved by the house, and the terms of the Statute of Westminster make it necessary, to achieve that end, that there should be the address which is now before the house.

I think it is proper to say that the government, the members of the house, and indeed the Canadian people, are all gratified to find that the matter of the union of Newfoundland with Canada has been dealt with so thoroughly, on such a high level, and with the unanimity witnessed in our proceedings during the course of the last week. It must be a source of satisfaction to those who will soon be our new fellow citizens in this nation that it was the common view of all parties in this house, representing all sections of the Canadian people, that it would be desirable to have the people of Newfoundland become associated with us. Of course the Canadian people have never really thought of Newfoundland as another country, and the fact that they are to become associated with us is, for all older Canadians, a source of particular satisfaction. We have in French a saying which goes like this: *Dis-moi qui tu hantes, et je te dirai qui tu es.* I was accustomed to thinking that the English equivalent was: "Birds of a feather flock together," but it is really more than that. If I might venture to translate the French saying it would go something like this: Tell me with whom you are associated, and that will tell me what you are. We of Canada are happy that those who know the people of Newfoundland will be judging us by their knowledge of the sturdy qualities of those splendid people. I hope that the people of Newfoundland will be equally satisfied to be judged by what their new Canadian fellow citizens have been able to achieve during the eighty years which have elapsed since the original confederation.

As I said on a previous occasion in this house, there were many reasons for the close association between the people of Newfoundland and those of our own country — common origin, common adherence to the true principles of democratic liberty, common respect for the dignity of the individual, common abhorrence of any totalitarian or autocratic form of government. These links, derived from our common origin, from

commune, de l'évolution parallèle de nos ordres sociaux, ont été fort resserrés par le contact étroit qui a existé entre les jeunes gens et les jeunes filles de nos deux pays, au cours des deux grandes guerres, notamment de la dernière. Un grand nombre de nos fils et de nos filles ont servi dans les forces armées avec les jeunes gens et les jeunes filles de Terre-Neuve, quelques-uns à Terre-Neuve même, d'autres sur la haute mer à bord des navires de la Marine royale canadienne dont le port d'attache était dans cette île. Si on veut bien me permettre de parler d'un fait bien personnel, je vous dirai que je suis étroitement attaché aux habitants de Terre-Neuve, car pendant les nombreux mois que mon fils a passés à bord de navires de la Marine royale canadienne, qui escortaient des convois outre-Atlantique, son port d'attache était dans cette île. Mon expérience à cet égard est identique à celle de milliers d'autres Canadiens. Il en est résulté des rapports qui rendent très agréable la perspective d'une union avec ce magnifique peuple.

Je ne chercherai pas à vous résumer la belle histoire de ces robustes habitants de Terre-Neuve qui arrachent leur subsistance à la mer, comme la plupart de nos ancêtres ont dû, au début, arracher la leur à la forêt et aux champs. Bien que leur genre d'occupation diffère du nôtre, ce fait ne semble avoir contribué qu'à rapprocher davantage nos deux peuples. Il y a un grand poète, E. J. Pratt, que nous les Canadiens prétendons être un des nôtres, mais que les Terre-neuviens réclament comme un des leurs. Dorénavant, il pourra être à la fois canadien et terre-neuvien. Ses vers nous sont bien connus, comme ils le sont aux gens de Terre-Neuve, et l'on voudra bien me permettre d'en citer quelques-uns, qui ont trait à Terre-Neuve. Voici:

Here the tides flow,
And here they ebb;
Not with that dull, unsinewed tread of waters
Held under bonds to move
Around unpeopled shores —
Moon-driven through a timeless circuit
Of invasion and retreat;
But with a lusty stroke of life.

Le puissant battement vital des marées autour de l'île de Terre-Neuve a son écho dans les centaines de milliers de coeurs qui battent dans la poitrine des insulaires. C'est parce que nous reconnaissons ce puissant battement vital, que nous sommes si heureux de ce qu'ils se joignent à nous, de ce que ceux qui les connaissent nous jugent par les gens auxquels nous sommes associés. Nous savons que nous recevons parmi nous des gens vaillants et robustes, animés par ce puissant

common development of our respective social orders, were greatly strengthened by the close association between the young men and young women of our respective peoples during the two great wars, and particularly during the last war. Many of our sons and daughters served with the young men and young women of Newfoundland, some of them in Newfoundland itself, others on the high seas with units of the Royal Canadian Navy based in Newfoundland. If I may be permitted to mention something quite personal, I feel particularly close to the people of Newfoundland by reason of the fact that, during the many months of my son's service in convoy duty on the Atlantic, the units of the Royal Canadian Navy with which he was serving were based in Newfoundland. What was my own experience during those days was the experience of thousands of Canadians. It created a relationship which makes the prospect of common citizenship with those splendid people one that is very pleasant to envisage.

I shall not attempt to summarize the great history of the sturdy people of Newfoundland, wresting their sustenance from the sea, as most of our people, in the early days, had to wrest their sustenance from the forests and the fields. Although there was a difference in vocation, the difference seems only to have created a close relationship between our two peoples. There is a great poet, E. J. Pratt, whom we claim as Canadian but whom Newfoundlanders claim to be a poet of Newfoundland; hereafter, though being a Canadian poet, he will at the same time be a poet of Newfoundland. We are familiar, as they are in Newfoundland, with some of his verses. May I read a few lines of one of his poems. Speaking of Newfoundland the poet says:

Here the tides flow,
And here they ebb;
Not with that dull, unsinewed tread of waters
Held under bonds to move
Around unpeopled shores —
Moon-driven through a timeless circuit
Of invasion and retreat;
But with a lusty stroke of life.

The lusty stroke of life of the tides that ebb and flow around the island of Newfoundland is repeated in the hundreds of thousands of hearts that beat in the breasts of the people who inhabit that land. It is because we believe in that lusty stroke of life that we are so happy to have them join with us, and to have those who know them judge us by the people with whom we are to be associated. We know that we are receiving into our midst a people stalwart and sturdy, a people

battement vital. Ils ont conscience, espérons-nous, de s'associer à une nation jeune et vigoureuse; ils savent qu'en faisant partie intégrante de cette nation, ils en seconderont le progrès et qu'en agissant de la sorte, ils rendront un service non seulement aux Canadiens, mais aussi aux hommes et aux femmes de tout le monde civilisé, car il ne saurait y avoir à notre époque trop de nations de citoyens vigoureux vraiment imbus des principes et des idéals de la libre démocratie. Le raffermissement d'une nation est un service qu'ils se rendent non seulement à eux-mêmes, mais à tous ceux, partout au monde, qui aiment la démocratie et la liberté.

Peut-être me permettra-t-on une autre observation personnelle. Je me réjouis de ce que les habitants de cette île, dont plusieurs sont les descendants d'ancêtres originaires d'une autre île de l'Atlantique-Nord avec lesquels mes propres ancêtres avaient certain lien de parenté, deviennent membres de la nation canadienne. Je ne mentionnerais pas ces choses si je n'avais la conviction de n'être que l'un de ces milliers, de ces centaines de milliers de Canadiens qui ressentent pour ces deux îles de l'Atlantique-Nord beaucoup d'admiration et d'affection.

En outre, tous les honorables députés comprendront que je considère comme un motif de vive satisfaction personnelle d'avoir pu, le lendemain même du jour où j'assumais la charge de premier ministre, continuer et mener à bonne fin l'oeuvre que mon prédécesseur poursuivait depuis si longtemps. Je suis sûr que non seulement les membres de notre parti, de ce côté-ci de la Chambre, mais la majorité des Canadiens ressentiront, à la lumière de ce qui s'est passé depuis dix ans et davantage, une vive satisfaction à la pensée qu'il y aura continuité dans les entreprises lancées par le Gouvernement qui a été au pouvoir pendant ces années-là.

C'est donc avec une légitime fierté que je propose que cette adresse à Sa Majesté soit approuvée par la Chambre et que, jointe à celle qu'on adoptera bientôt, je l'espère, dans l'autre endroit, elle soit transmise par vous, monsieur l'Orateur, et par le président de l'autre endroit, à Sa Majesté, comme l'expression de notre confiance permanente en la valeur, pour les hommes libres, des institutions britanniques.

M. GEORGE A. DREW (chef de l'opposition):[. . .]

. . .

Notre pays a été constitué en une seule et même nation, à la suite de l'accord des provinces et des colonies qui sont devenues depuis le Dominion

with that lusty stroke of life. We hope they feel that they are joining a young and vigorous nation; that by joining it and becoming a part of it they will further the progress of the nation, and that if they do so, they will be rendering a service not only to the Canadian people but also to the men and women of the whole civilized world, because in these times there cannot be too many nations of vigorous men and women truly imbued with the principles and ideals of free democracy. The strengthening of any of them is a service not only to themselves but also to all other lovers of democracy and freedom throughout the world.

Perhaps I might be permitted another personal comment. It is a matter of some satisfaction to me to see the people of that island, the ancestors of so many of whom came from another island in the north Atlantic with which my own ancestors had some connection, become Canadian citizens. I would not mention this if I did not feel that I was but one of thousands, indeed hundreds of thousands, in this country who have for those two islands in the north Atlantic a great admiration and affection.

In addition, I think it is something which all hon. members will feel I am entitled to regard as a reason for great personal satisfaction that on the very morrow of the day I assumed the responsibilities of the office of Prime Minister I was able to continue the work on which my predecessor had been engaged for so long, and to bring it to a successful conclusion. I am sure it will be a matter of satisfaction not only to the members of our party on this side of the house, but to most of the Canadian people, in view of what has been going on for the last decade and more, to be assured of continuity in the undertakings initiated by the government which has been in office over those years.

Therefore it is with understandable pride sir, that I move that this address to His Majesty be approved by this house, and, together with that which I hope soon will be adopted in the other place, forwarded by you and the Speaker of the other place to His Majesty as the expression of our continued and continuing confidence in the value to free men and women of British institutions.

Mr. GEORGE A. DREW (Leader of the Opposition):[. . .]

. . .

This country became a single nation by agreement of those provinces and colonies which have since entered the Dominion of Canada. They

du Canada. Elles se sont rencontrées afin de discuter les conditions de la confédération et de s'entendre sur la manière dont les diverses provinces s'uniraient en confédération. Comme l'a déjà indiqué le premier ministre, la disposition qui fixe la façon de procéder est parfaitement claire. Elle se trouve dans l'article 146 de l'Acte de l'Amérique du Nord britannique sous le titre de: "L'entrée d'autres colonies dans l'union." Voici, en partie, le texte de cette disposition:

"A la suite d'adresses des chambres du parlement du Canada et des chambres de la législature de l'une ou l'autre des colonies ou provinces de Terre-Neuve, de l'Île du Prince-Édouard ou de la Colombie-Britannique, il sera loisible à la Reine, sur et de l'avis du conseil privé de Sa Majesté, de décréter l'entrée de cette colonie ou province dans l'union . . . ."

Je n'ai pas besoin de citer le reste de l'article pour appuyer le point que j'entends soutenir.

Eût-il existé un corps législatif pleinement constitué à Terre-Neuve, il aurait suffi d'adresses émanant du Parlement du Canada et de l'Assemblée législative de Terre-Neuve. Aucune loi du Parlement du Royaume-Uni n'aurait alors été nécessaire, car les conditions de l'Union seraient entrées en vigueur en vertu de la procédure du simple avis du Conseil privé.

Mais on procède ici d'une autre façon. Le premier ministre estime qu'à tout événement, cette manière de procéder est plus appropriée et il a appelé l'attention sur le principe qu'on trouve à l'article 4 du Statut de Westminster, principe qui est reconnu dans les termes mêmes du projet de résolution dont la Chambre est saisie. Au bas de la page du *Feuilleton* qui renferme le projet de résolution, on lit, au début du paragraphe, les mots suivants:

"Et considérant que le Canada a demandé l'adoption d'une loi du Parlement du Royaume-Uni . . . ."

Ce passage a été inclus précisément parce que l'article 4 du Statut de Westminster est ainsi conçu:

"Nulle loi du parlement du Royaume-Uni édictée postérieurement à l'entrée en vigueur de la présente loi ne fera partie ni ne sera considérée comme faisant partie de la législation d'un Dominion, à moins qu'il n'y soit formellement déclaré qu'elle a été édictée à la demande et avec l'assentiment dudit Dominion."

joined to settle the terms and they decided on a procedure by which the various provinces should come into confederation. As has already been indicated by the Prime Minister, the provision was perfectly clear; it is found in section 146 of the British North America Act under the heading "Admission of other colonies." I think it might be well to read the part of that provision which refers to the procedure:

"It shall be lawful for the Queen, by and with the advice of Her Majesty's most honourable privy council, on addresses from the houses of parliament of Canada and from the houses of the respective legislatures of the colonies, or provinces of Newfoundland, Prince Edward Island and British Columbia, to admit those colonies or provinces or any of them into the union — "

There is a further part of the section which I need not read to illustrate the point I wish to make.

If a fully constituted legislative body had been in existence in Newfoundland, nothing more would have been required at this time than the addresses from the parliament of Canada and the legislature of Newfoundland. Upon the presentation of that joint address, no act of the parliament of the United Kingdom would have been required, because the terms of union would have become effective under the procedure simply on the advice of the privy council.

In this case, a different procedure is being followed. The Prime Minister had indicated that he feels it is a more appropriate procedure in any event, and he has called attention to the principle embodied in section 4 of the Statute of Westminster, a principle which is recognized in the very wording of the resolution now before the house. At the beginning of the paragraph, at the foot of the page of the order paper which contains the form of the resolution, we read these words:

"And whereas Canada has requested and consented to the enactment of an act of the parliament of the United Kingdom . . . ."

This wording was followed for a particular reason. Section 4 of the Statute of Westminster reads as follows:

"No act of the parliament of the United Kingdom passed after the commencement of this act shall extend or be deemed to extend to a dominion as part of the law of that dominion, unless it is expressly declared in that act that that dominion has requested, and consented to, the enactment thereof."

Ainsi que le premier ministre l'a signalé, les exigences de l'article 4 du Statut de Westminster ont été remplies, pour ce qui est du Canada. Il est établi que le Canada a demandé l'adoption de la loi et y a assenti. Or l'article premier du Statut de Westminster définit le mot "dominion" et les diverses parties du Commonwealth où il s'applique. L'article 1 se lit ainsi qu'il suit:

"Le mot 'Dominion' employé dans la présente loi s'entendra de chacun des Dominions ci-après énumérés, savoir: le Dominion du Canada, le Commonwealth d'Australie, le Dominion de la Nouvelle-Zélande, l'Union sud-africaine, l'État libre d'Irlande et Terre-Neuve."

Cet article reconnaît à Terre-Neuve le statut de dominion, statut que la suspension provisoire de l'autorité législative de Terre-Neuve par la loi du Royaume-Uni qui a nommé la commission de gouvernement, n'a pas modifié. Advenant la dissolution de la commission de gouvernement par une autre loi du Parlement du Royaume-Uni, je doute fort qu'aucun membre de la Chambre hésite à croire que Terre-Neuve recouvrerait le statut de dominion qu'elle avait au moment de la promulgation du Statut de Westminster. Dans ce cas, il me semble que Terre-Neuve également aurait dû être en mesure de présenter d'abord sa requête et ensuite de consentir à la méthode adoptée. Il est clair cependant que Terre-Neuve n'est pas en mesure de suivre la ligne de conduite prévue aux termes du Statut de Westminster, et le projet de loi que renferme la résolution dont nous sommes saisis porte les mots suivants:

"Considérant que, au moyen d'un referendum, la population de Terre-Neuve a signifié par un vote majoritaire son désir de s'unir à la Confédération canadienne; . . . "

Ces mots ne sont pas conformes à l'article 4 du Statut de Westminster et, en réalité, il est impossible . . .

Le très hon. M. ST-LAURENT: L'honorable député me permet-il de lui rappeler que l'un des derniers articles du Statut de Westminster stipule que les articles 2, 3, 4, 5 et 6 ne s'appliquent pas à Terre-Neuve à moins d'être adoptés en vertu d'une loi de Terre-Neuve? Il n'y a jamais eu, que je sache, de loi de ce genre.

M. DREW: Il va sans dire que Terre-Neuve n'a pas eu, le premier ministre le sait, l'occasion de régler le problème, parce qu'elle était alors dans une impasse; elle traitait alors avec le gouvernement du Royaume-Uni en vue de l'intervention de ce dernier dans ses affaires internes, et

So far as Canada is concerned the provisions of section 4 of the Statute of Westminster have been complied with, as was pointed out by the Prime Minister, because it is stated that Canada has requested and consented to the enactment. But in section 1 of the Statute of Westminster we find a definition of the word "dominion" and the various parts of the commonwealth to which that term was to apply. Section 1 reads as follows:

"In this act the expression 'dominion' means any of the following dominions, that is to say, the Dominion of Canada, the Commonwealth of Australia, the Dominion of New Zealand, the Union of South Africa, the Irish Free State and Newfoundland."

This section recognized the status of Newfoundland as a dominion, a status which was not changed by the temporary suspension of the legislative authority of Newfoundland by the act of the United Kingdom which appointed the commission of government. I doubt whether any member of this house would suggest that, if the commission of government were dissolved by a further act of the parliament of the United Kingdom, there would be any question that Newfoundland would be restored to the status of dominion which it held at the time the Statute of Westminster was enacted. If that be so, it would seem to me that Newfoundland also should have been in a position to indicate their request for and their consent to the procedure which was being adopted. But it is clear that they are not in a position to follow that course within the provisions of the Statute of Westminster. In the draft act contained in the resolution now before us we find these words:

"Whereas by means of a referendum the people of Newfoundland have by a majority signified their wish to enter into confederation with Canada . . . ."

Those words do not comply with section 4 of the Statute of Westminster; in fact it is impossible —

Mr. ST. LAURENT: Would the hon. gentleman allow me to call his attention to one of the last sections of the Statute of Westminster which provides that sections 2, 3, 4, 5 and 6 shall not apply to Newfoundland unless adopted by a statute of Newfoundland? My information is that there never was any such statute.

Mr. DREW: As the Prime Minister knows, there was no opportunity for Newfoundland to deal with this matter, because at that time she was in difficulties; she was dealing with the government of the United Kingdom with the thought of intervention in regard to her domestic

traitait depuis quelque temps déjà avant l'adoption effective de la loi créant la Commission de gouvernement.

Pour ce qui est de l'autorité du gouvernement de Terre-Neuve, nous n'avons aucun moyen de savoir ce que déciderait à cet égard un organisme terre-neuvien élu, puisqu'il n'y existe aucun organisme de ce genre pour s'occuper de la question. Il y a plus d'un moyen de trancher la difficulté. Ne nous en tenons pas trop rigoureusement à la lettre de la loi. Ayons soin plutôt de tenir compte des sentiments que les gens expriment à Terre-Neuve et n'oublions pas que ces sentiments vont s'ancrer dans les esprits, à moins que les intéressés n'aient l'occasion de régler convenablement leur problème.

. . .

Ainsi que je l'ai déjà dit, pour procéder convenablement il faudrait maintenant consulter les provinces. Je propose donc, avec l'appui de l'honorable député de Peel (M. Graydon), que la motion soit modifiée par la radiation des mots:

"Qu'une humble adresse soit présentée à Sa Majesté le roi dans les termes suivants" . . . et par la substitution du texte suivant:

"Et considérant qu'il est opportun que le gouvernement du Canada consulte les gouvernements des diverses provinces à propos de ladite question;

La Chambre est d'avis que le gouvernement du Canada devrait consulter immédiatement les gouvernements des diverses provinces et que, après l'aboutissement satisfaisant de ces consultations, une humble adresse soit présentée à Sa Majesté, dans les termes suivants:"

M. M. J. COLDWELL (Rosetown-Biggar): Monsieur l'Orateur, le Parlement est saisi d'un projet de résolution adressé à Sa Majesté le roi lui demandant de confirmer un accord que notre Chambre a adopté à l'unanimité. Il y aurait peut-être lieu de faire une réserve au sujet de "l'unanimité" parce qu'un membre indépendant de cette Chambre a demandé que la mesure soit adoptée "sur division," lorsqu'on a fait une proposition à cette fin, la semaine dernière. L'amendement que le chef de l'opposition (M. Drew) vient de proposer me semble donc extraordinaire, étant donné que tous les partis ont approuvé la semaine dernière l'accord dont la Chambre était saisie. Bien entendu, c'est un geste plutôt étonnant de la part de l'opposition officielle, car personne ne s'attendait à un revirement de l'opinion exprimée la semaine dernière à la Chambre des communes. Or, c'est exactement ce que me semble être cette nouvelle attitude.

affairs, and had been doing so for some time before the actual passing of the act which appointed the commission of government.

As to the authority of the government of Newfoundland, we have no way of knowing now what an elected body in Newfoundland would do in regard to this matter, because there is no such body to deal with it. The situation is one which can be dealt with in various ways. Let us not be too much concerned with the strict letter of the law; let us rather be careful to recognize the feeling that is being expressed today in Newfoundland, and realize that this feeling will continue over the years unless those who express it believe they have had an opportunity to deal with the matter in the appropriate way.

. . .

As I have already suggested, the proper procedure is to consult the provinces now. I move, therefore, seconded by the hon. member for Peel (Mr. Graydon), that the motion be amended by deleting the words:

"A humble address be presented to His Majesty the King in the following words," and substituting therefor:

"And whereas it is desirable that the government of Canada should consult with the governments of the several provinces in respect to the said matter;

Now therefore be it resolved, that the government of Canada be required to consult at once the governments of the several provinces and that upon a satisfactory conclusion of such consultations 'a humble address be presented to His Majesty in the following words': — "

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, parliament has before it a resolution addressed to His Majesty the King asking for confirmation of an agreement which was unanimously adopted by this house. Perhaps I should qualify the word "unanimously" because I believe one voice, that of an Independent member of this house, was raised last week, when the motion was finally put, to call "on division." Consequently the amendment, which has just been placed before the house by the leader of the opposition (Mr. Drew), is an extraordinary one in view of the fact that last week all parties supported the agreement that was then before the house. It is, of course, a surprising move on the part of the official opposition. I suppose that none of us were quite prepared for a reversal of the opinion expressed by them last week in the House of Commons. That is precisely what it appears to me to be.

Je n'ai pas l'intention de traiter longuement cette question du point de vue constitutionnel. Cependant, je ferai remarquer que la ligne de conduite du Parlement est nettement tracée par l'article 146 de l'Acte de l'Amérique du Nord britannique, que le chef de l'opposition a cité il y a quelques instants et où nous relevons le passage suivant:

"A la suite d'adresses des chambres du parlement du Canada . . . il sera loisible à la Reine, sur et suivant l'avis du conseil privé de Sa Majesté . . . "

Notre devoir consiste à présenter à Sa Majesté le roi une adresse révélant les dispositions que nous jugeons opportunes à l'égard du projet d'union. Il incombe au gouvernement de Terre-Neuve de s'assurer que toute autre disposition de l'Acte de l'Amérique du Nord britannique soit appliquée en conformité des conditions de l'union. On a dit avec raison que Terre-Neuve n'a pas d'assemblée législative; mais elle a un Gouvernement. L'assemblée législative a été dissoute avec l'assentiment de Terre-Neuve, et une commission de gouvernement a été établie en 1934. Incidemment, qu'il me soit permis d'ajouter que le Statut de Westminster est en vigueur depuis plusieurs années et que, jusque-là, l'assemblée législative de Terre-Neuve a eu l'occasion de déclarer si elle désirait relever de ce statut. Cependant, les pouvoirs de l'assemblée législative ont été placés entre les mains du Parlement de la Grande-Bretagne. Il appartient maintenant à la Grande-Bretagne, à titre de mandataire de cette assemblée législative, de ce dominion, de cette colonie ou de tout ce qu'on voudra, de décider s'il y va ou non de l'intérêt de Terre-Neuve. Quant à nous, que nous approuvions ou non la méthode adoptée à Terre-Neuve pour réaliser l'accord, notre devoir consiste à nous assurer si, en appuyant l'adresse, nous posons un geste qui sert les meilleurs intérêts du Canada. Voilà pourquoi nous devrions à mon sens, voter l'adresse.

En 1934, je le rappelle de nouveau, le statut de Terre-Neuve était modifié à la demande de l'île elle-même. A-t-on jamais procédé de façon plus démocratique qu'à l'occasion de l'entrée de Terre-Neuve dans la Confédération? Comme il n'existait pas de législature, le parlement anglais aurait fort bien pu, de son plein gré, exercer les pouvoirs attribués à la législature, mais il ne l'a pas fait. La commission a exercé, à Terre-Neuve, les pouvoirs de gouvernement au nom du Royaume-Uni, et elle a réuni une convention représentant plusieurs groupes de l'île. La Convention a décidé de tenir un plébiscite. Au premier scrutin,

I do not propose to enter into a long discussion on the constitutional aspects of this particular matter. I want to say, however, that under the British North America Act, section 146, which was quoted by the leader of the opposition a few moments ago, the duty of parliament is expressly laid down. If we look at that section we find these words:

"It shall be lawful for the Queen, by and with the advice of Her Majesty's most honourable privy council, on addresses from the houses of parliament of Canada — "

Our duty is to present an address to His Majesty the King expressing our desire as to what we think should be done in regard to the proposal for union. It is the duty of the government of Newfoundland to see to it that any other provisions of the British North America Act are carried out in accordance with the terms thereof. Someone has truly said that at the moment Newfoundland has not a legislature; it has a government. The legislature was set aside with the consent of Newfoundland, and a commission of government set up in 1934. Incidentally, may I add that the Statute of Westminster had then been in effect for several years, and up to that time the legislature of Newfoundland had the opportunity to say whether or not it wished to come within the provisions of that statute. The powers of the legislature, however, were placed in the hands of the parliament of Great Britain. It is for Great Britain now, as trustee of that legislature, dominion, colony, or whatever you want to call it, to decide whether or not it is in the interests of Newfoundland. I say that, so far as we in Canada are concerned, whether or not we agree with the method that was adopted in Newfoundland to bring about the agreement, our duty is to see that, in supporting the address, we are doing what is in the best interests of Canada. Because I believe that is so, I think we should proceed with the voting of the address.

In 1934, as I have already said, the status of Newfoundland was changed at the request of Newfoundland herself, but was there ever more democratic procedure than that which was followed in relation to the entry of Newfoundland into confederation? As there was no legislature, it is quite conceivable that the parliament of Great Britain, of its own volition, might have exercised all the powers conferred on the legislature, but it did not do so. The commission exercised the powers of government in Newfoundland on behalf of the United Kingdom, and called together a convention representative of

le gouvernement responsable était rejeté, au second, la majorité, — peu importe qu'elle ait été faible ou forte, — se prononçait en faveur de la confédération. Les désirs du parlement britannique se trouvent donc renforcés par ceux du peuple de Terre-Neuve, manifestés dans un plébiscite.

Il est un autre point. Je n'avais pas l'intention d'étudier ce sujet cet après-midi et je suis fort étonné qu'on l'ait soulevé. Le chef de l'opposition aurait dû proposer son amendement à une étape antérieure, s'il y avait lieu de soumettre un amendement. Il nous aurait épargné le temps que nous avons consacré, la semaine dernière, à l'étude de cette question. Le chef de l'opposition, cependant, a jugé opportun d'invoquer de nouveau l'Acte de l'Amérique du Nord britannique. Il affirme maintenant que le Canada ne peut conclure un accord de ce genre, — ni de tout autre genre, j'imagine, — sans le consentement des provinces. J'ignore si le chef de l'opposition veut dire le consentement de toutes les provinces, le consentement de la majorité des provinces ou si l'opposition d'une ou deux provinces à un accord de ce genre suffirait à en empêcher l'application. Il ne l'a pas spécifié. Qu'adviendrait-il si les provinces n'étaient pas toutes d'accord sur une question de ce genre? Je ne prétends pas être avocat en matière de constitution, mais je me crois en mesure de comprendre la langue anglaise et d'en saisir le sens, en tant qu'homme moyen qui parle et écrit l'anglais.

A mon sens, l'article 91 de l'Acte de l'Amérique du Nord britannique l'établit très clairement. Intitulé "Les pouvoirs du Parlement" — cette Chambre et l'autre constituent, j'imagine, le Parlement du Canada, — l'article est ainsi conçu:

"Il sera loisible à la Reine, sur l'avis et avec l'assentiment du Sénat et de la Chambre des communes, de légiférer, en vue de la paix, de l'ordre public et de la bonne administration au Canada, sur toute matière ne rentrant pas dans les catégories de sujets que le présent acte attribue exclusivement aux législateurs des provinces. Pour mieux préciser, sans la restreindre, la portée générale des termes ci-dessus du présent article, il est déclaré que, nonobstant toute disposition du présent acte, le parlement du Canada aura le pouvoir exclusif de légiférer sur toute matière rentrant dans les catégories de sujets ci-après énumérées . . . ."

many interests in the island. The convention decided there would be a plebiscite, and a plebiscite was held. Responsible government was defeated on the first vote, and on the second vote the majority of the people, whether or not the majority was small or large, voted for confederation with Canada. Consequently the parliament of Great Britain is reinforced by the voice of the people of Newfoundland expressed in a plebiscite.

There is one other point I should like to mention. I did not intend to talk about this subject this afternoon, and I am surprised that it came up. The leader of the opposition should have introduced his amendment at an earlier stage, if it was a proper thing to do. He would have saved the time spent in discussing this matter last week. The leader of the opposition has seen fit, however, to introduce another reference to the British North America Act. He now contends that Canada cannot enter into an agreement of this kind, and by the same token I imagine of almost any other kind, without the consent of the provinces. I do not know whether the leader of the opposition means the consent of all the provinces, or the consent of the majority of the provinces, or whether he means that, if one or two provinces oppose any such agreement, it cannot become effective. He did not say. If there were disagreement among the provinces in regard to a matter of this sort, where would it then rest? I do not profess to be a constitutional lawyer. All I profess is to be able to understand the English language, and to be able to interpret what the English language means from the point of view of an ordinary individual who speaks and reads it.

Section 91 of the British North America Act, I think, makes it very clear. It is headed "Powers of Parliament" and I take it that this House of Commons together with the other place constitutes the parliament of Canada. It reads:

"91. It shall be lawful for the Queen, by and with the advice and consent of the Senate and House of Commons, to make laws for the peace, order and good government of Canada in relation to all matters not coming within the classes of subjects by this act assigned exclusively to the legislatures of the provinces; and for greater certainty, but not so as to restrict the generality of the foregoing terms of this section, it is hereby declared that (notwithstanding anything in this act) the exclusive legislative authority of the parliament of Canada extends to all matters coming within the classes of subjects next hereinafter enumerated . . . ."

Après la liste en question, on lit ce qui suit:

"Une matière rentrant dans les catégories de sujets énumérées dans le présent article ne sera pas réputée rentrer dans la catégorie des matières d'une nature locale ou privée prévue à l'énumération des catégories de sujets que la présente loi attribue exclusivement aux législatures des provinces."

L'acte énumère ensuite les matières attribuées exclusivement aux provinces. Or, dans la liste de ces matières, je n'en relève aucune où il soit question d'examiner et d'approuver un accord comme celui dont nous sommes saisis.[. . .]

. . .

Je tiens à ce que notre mode de procéder soit respecté. Je tiens à ce que cette institution démocratique fonctionne d'une manière démocratique. Je veux la protéger. Je me rappelle qu'en 1936 le chef de l'opposition a adopté une attitude différente de celle d'aujourd'hui. Il a dit alors que notre pays était dans une situation fort dangereuse, que le fascisme prenait de l'ampleur dans la province de Québec. J'ai présumé qu'il voulait alors parler de l'élection de M. Duplessis au poste de premier ministre de cette province, avec sa loi du cadenas et le genre de code du travail dont nous avons entendu parler récemment. Ainsi donc, pour ma part, monsieur l'Orateur, — je n'ai pas eu le temps de consulter mes amis, mais je crois parler en leur nom à ce sujet, — je m'oppose à l'amendement. J'appuie le projet de résolution en faveur d'une adresse à Sa Majesté.

. . .

L'hon. BROOKE CLAXTON (ministre de la Défense nationale):

. . .

Le chef de l'opposition (M. Drew) a déclaré que le Canada était devenu fort et puissant sous l'égide de notre constitution et qu'il fallait la préserver. Je suis bien de son avis à ce sujet; c'est notre attitude; nous n'en avons pas d'autre. Cependant, j'aimerais qu'il nous dise avec précision comment le Canada est devenu fort sous l'égide de la constitution en ce qui concerne l'accession des provinces, la question que nous étudions en ce moment. J'aimerais qu'il nous dise si le Canada est devenu plus puissant à l'entrée du Manitoba dans la Confédération en 1870. Certes il l'est devenu. Les provinces ont-elles été consultées alors? Non, elles ne l'ont pas été.

Je lui demanderai si le Canada est devenu plus fort et plus puissant lorsque la Colombie-Britannique est entrée dans la Confédération en vertu

Then follows that list, and at the end of the list these words:

"And the matter coming within any of the classes of subjects enumerated in this section shall not be deemed to come within the class of matters of a local or private nature comprised in the enumeration of the classes of subjects by this act assigned exclusively to the legislatures of the provinces."

Then we get the matters assigned exclusively to the provinces; and among those matters I cannot find that they have any part in considering and approving an agreement of the description now before us.[. . .]

. . .

I want to see our procedures properly carried out. I want to see this democratic institution operate in a democratic manner. I want to preserve it. In 1936, I remember, my hon. friend the leader of the opposition sang a different song from the one he now sings. He then said that we in this country were in grave danger, and he pointed out that there was a growing fascism in the province of Quebec. Having read that, I presumed the growing fascism in Quebec at that time was the election of Mr. Duplessis as premier of that province, with the padlock law and the kind of labour code about which we have been hearing recently. So then, Mr. Speaker, so far as I personally am concerned — I have not been able to consult my friends but I rather expect I speak for them in this regard — I shall oppose the amendment and support the resolution for the address to His Majesty.

. . .

Hon. BROOKE CLAXTON (Minister of National Defence):

. . .

The leader of the opposition (Mr. Drew) has said that under our constitution Canada has grown strong, and that the constitution must be maintained. I agree that under the constitution Canada has grown strong, and that the constitution must be upheld. This is our view; we have no other view. But I would like him to say exactly how Canada has grown strong under the constitution so far as the accession of the provinces is concerned, the matter with which we are dealing today. I would like him to say this. Did Canada grow strong when Manitoba was joined into confederation in 1870? Yes. And were the provinces consulted? No; they were not consulted.

I would ask him whether Canada grew strong and was strengthened when British Columbia joined confederation by order in council in 1871

d'un arrêté en conseil en 1871. Il y a des membres à la Chambre de toutes les parties du Canada, non seulement de la Colombie-Britannique, qui savent quels progrès ont été réalisés par cette colonie de moins de 15,000 habitants de race blanche au moment de l'union. A-t-on consulté les provinces alors? Non; elles ne l'ont pas été. Je me rappelle également comment l'Île du Prince-Édouard est entrée dans la Confédération en 1873. Cette province a été depuis un des plus beaux joyaux de la couronne de la Confédération. Le premier ministre de cette province, où la Confédération a vu le jour à la suite de la conférence de Charlottetown en 1864, assiste aujourd'hui en cette enceinte à ce débat historique. Encore une fois, a-t-on consulté les provinces au sujet de l'entrée de l'Île du Prince-Édouard dans la Confédération? Encore une fois, non.

Puis le Canada s'est-il raffermi lorsque les belles provinces de l'Alberta et de la Saskatchewan ont été créées en 1905? Cette création s'est effectuée en vertu d'une loi du Parlement impérial et des dispositions de l'Acte de l'Amérique du Nord britannique, tout comme l'a été la constitution du Manitoba en province. L'union s'est opérée grâce à une disposition modifiant l'Acte de l'Amérique du Nord britannique, d'une manière exactement semblable à notre façon de procéder dans le cas qui nous occupe.

A-t-on consulté les provinces? De nouveau la réponse est non. Les cinq seuls précédents que nous ayons sont conformes au mode de procédure que nous suivons aujourd'hui. Il n'y a aucun empiétement susceptible de violer la constitution canadienne. Par notre geste, nous tendons à notre soeur de l'Est la main de l'amitié et du bon voisinage. C'est la réalisation d'un objectif que nous avons tous à coeur et auquel nous songeons depuis longtemps. Il ne s'agit pas d'une oeuvre de destruction, ni d'un défi lancé à la constitution canadienne. C'est un exercice des droits du Parlement, dans les limites permises par la constitution.

Si le Parlement, ayant l'occasion d'offrir à Terre-Neuve de justes et raisonnables conditions d'union, disait: "Non, nous ne le ferons pas; il nous faut soumettre la question aux provinces," il se priverait de son droit, il n'exercerait pas la fonction du parlement d'un pays comme le Canada, il détruirait lui-même la constitution.

. . .

Avec l'aide de la délégation terre-neuvienne, nous avons établi, pour l'union des deux pays, des conditions qui semblent justes, tant aux Canadiens qu'aux Terre-neuviens. On a dit, — je suis

— and there are hon. members in the house from every part of Canada, not only from British Columbia, who know how British Columbia has grown from a colony of less than 15,000 white people. Were the provinces consulted at that time? No; they were not consulted. And I can remember, too, how Prince Edward Island entered confederation in 1873, that island province which has since been one of the greatest jewels in the crown of confederation. And the premier of that province, the province in which, through the Charlottetown conference of 1864, confederation was started, is in this House of Commons today, listening to this historic debate. I ask again: Were the provinces consulted over the entry of Prince Edward Island? Again the answer is no.

Then I ask: Did Canada become strong when the great western provinces of Alberta and Saskatchewan were formed in 1905? It was done by act of the imperial parliament and by the provisions of the British North America Act, just as was the inclusion of Manitoba. It was done by a provision amending the British North America Act, in exactly the same way that is being followed on this occasion.

Were the provinces consulted? The answer is again no. The only five precedents we have are in accord with procedure we are following today. This is no thin edge that is going to break the Canadian constitution. This is extending the hand of friendship and of good neighbourliness to our sister island to the east. This is bringing about the objective which all of us have had in our hearts and in our minds for so long. This is not a work of destruction; this is not a challenge to the Canadian constitution. This is an exercise of the rights of this parliament within its constitutional rights.

If this parliament, having the opportunity to extend to Newfoundland reasonable and fair terms of union, said, "No, we will not do it; we must refer the matter to the provinces," I suggest that we would then be denying our right. We would not be exercising the function of the parliament of a nation such as Canada, and we ourselves would be destroying the constitution.

. . .

With the delegation from Newfoundland we have worked out terms which we regard and which they regard as being fair and just for the entry of Newfoundland into confederation. It

heureux que le chef de l'opposition ne nous ait pas adressé le même reproche, — que nous avions eu tort d'entreprendre des pourparlers avant le rétablissement du gouvernement responsable à Terre-Neuve. A ce propos, je tiens à formuler certaines observations, étant donné qu'il y a divergence de vues sur ce point. Je tiens à féliciter les membres de l'opposition de leur attitude.

De fait, le statut de Westminster confère à Terre-Neuve le rang de dominion et lui applique toutes les dispositions qu'il comporte, à condition qu'on prenne les mesures nécessaires pour la soumettre à ces dispositions. A noter que les articles 2, 3, 4, 5 et 6 du Statut de Westminster ne se sont jamais appliqués à la colonie de Terre-Neuve.

M. DREW: Sachant bien que le ministre tient à être exact, je lui ferai remarquer que l'article 1 est celui qui stipule que Terre-Neuve est un dominion. L'article 10 traite de certaines choses qui découlent de ce fait. L'article 1 n'était pas compris dans l'article 10 qui désignait Terre-Neuve comme étant un dominion.

L'hon. M. CLAXTON: C'est exact: elle n'est pas désignée comme dominion. [*sic*] Je ne conteste pas. Je ne prétends pas le contraire, mais j'affirme que les dispositions des articles 2 à 6 inclusivement du Statut de Westminster n'ont jamais visé la colonie de Terre-Neuve parce que ce statut n'a jamais été adopté par l'assemblée législative de Terre-Neuve.

Le chef de l'opposition prétend que le temps n'a pas permis de le faire, mais je lui ferai remarquer que le Statut de Westminster est entré en vigueur le 11 décembre 1931 et que le gouvernement terre-neuvien n'a changé qu'au début de 1934. Dans l'intervalle, Terre-Neuve aurait eu amplement le temps d'adopter le Statut de Westminster si elle l'eût voulu.

M. DREW: Pendant ce temps-là, la commission d'enquête siégeait.

L'hon. M. CLAXTON: Les faits sont tels que je l'ai dit. En conséquence, le Statut de Westminster n'a absolument aucun effet sur la situation constitutionnelle de Terre-Neuve. Sauf erreur, cela a été reconnu au moment de l'abdication d'Édouard VIII, alors qu'on n'a pas mentionné Terre-Neuve du point de vue législatif, mais qu'on a fait mention des autres dominions autonomes.

Je signale que les articles 2, 3, 4, 5 et 6 du Statut de Westminster ne s'appliquent à un dominion que si ce dernier a adopté les dispositions de

has been suggested — I was glad indeed to see that the leader of the opposition did not follow the suggestion — that we were wrong in negotiating the terms before responsible government had been restored in Newfoundland. In that connection I should like to say a word or two, because it is a point on which there has been some controversy. I should like also to express to hon. members opposite appreciation of the fair attitude they have taken.

The fact is that by the Statute of Westminster Newfoundland was given the status of a dominion and had conferred upon it the various provisions, provided the necessary steps were taken to bring her under those terms. In point of fact sections 2, 3, 4, 5 and 6 of the Statute of Westminster were never applied to the colony of Newfoundland.

Mr. DREW: I know the minister wishes to be correct, and I would point out that section 1 is the section which states that Newfoundland is a dominion. Section 10 relates to certain things that flow from that. Section 1 was not one of the sections included in section 10, which described it as a dominion.

Mr. CLAXTON: That is quite right; it was described as a dominion. I do not challenge that; I do not say anything to the contrary. But I do say that the provisions of sections 2 to 6, inclusive, of the Statute of Westminster were never made applicable to the colony of Newfoundland because the Statute of Westminster was never adopted by the legislature of Newfoundland.

The leader of the opposition suggests that there was not time within which to do it, but I would point out that the Statute of Westminster came into effect on December 11, 1931, and the government of Newfoundland was not changed until the commencement of 1934. In the interval there was ample time for Newfoundland to have adopted the Statute of Westminster, had she wanted to do so.

Mr. DREW: During which time the commission of inquiry was sitting.

Mr. CLAXTON: The facts are just as I have stated them. In consequence the Statute of Westminster had absolutely no effect on the constitutional position of Newfoundland. I am informed that that was recognized at the time of the abdication of Edward VIII when reference was not made to Newfoundland for legislation when it was made in the case of the other self-governing dominions.

I would point out that sections 2, 3, 4, 5 and 6 of the Statute of Westminster are made applicable to a dominion only if that dominion has adopted

l'article 10. Or Terre-Neuve ne les a jamais adoptées, bien qu'elle ait eu deux ans pour le faire. Ainsi donc, j'estime que le raisonnement du député ne vaut pas.

La situation de Terre-Neuve a été modifiée en 1934, alors que les pouvoirs de ses deux chambres ont été confiés à une commission. Depuis, la commission a exercé les pouvoirs de l'Assemblée législative. Je rappelle que le gouvernement du Royaume-Uni a promis de permettre le rétablissement du gouvernement responsable à Terre-Neuve, dès que les affaires du pays seraient remises en bon état, pourvu que la population y consente. Par la suite, il y eut des élections en vue de nommer 45 représentants à la commission instituée pour examiner la position de Terre-Neuve. Après avoir délibéré, les représentants décidèrent de tenir un referendum afin de savoir si la population désirait un gouvernement responsable ou le maintien de la commission. Dix-sept des 45 représentants ont aussi voté pour soumettre la question de la confédération au peuple. Le gouvernement britannique a, par conséquent, ordonné la tenue d'un referendum sur les trois questions. Il était expressément prévu que si la majorité des votants ne votaient pas en faveur de l'une des trois propositions, un second referendum serait tenu. Au premier referendum, aucune des trois propositions n'obtint la majorité voulue. A un second, la majorité des votants s'est déclarée en faveur de l'entrée dans la Confédération.

Le gouvernement britannique a pris l'initiative de ces mesures. C'est le peuple de Terre-Neuve qui, de son gré, a rendu la décision. Je n'ai pas à prendre la défense du gouvernement britannique. J'estime néanmoins, — la chose est évidente, — qu'il a offert à la population de Terre-Neuve le moyen d'opter pour le gouvernement responsable ou pour l'une des deux autres formes de gouvernement. En d'autres termes, en laissant à la population de Terre-Neuve la faculté de choisir, le gouvernement britannique s'acquittait entièrement de ses obligations envers les Terre-neuviens.

Mais, comme le disait le chef de l'opposition (M. Drew), ce n'est pas notre affaire, quoique, si nous avions vu quelque injustice à la façon de procéder, nous n'eussions pas poursuivi les négociations jusqu'au bout. Nous avons voulu respecter la décision de la population de Terre-Neuve et nous unir à elle dans la confédération à des conditions qui semblaient justes et généreuses aux deux parties.

the provisions of section 10, and that was never done by Newfoundland although she had two years within which to do it. Consequently I do not believe that there is anything to be said for the argument advanced by my hon. friend.

The position of Newfoundland was altered in 1934 when the powers of its two houses were vested in a commission. From that time on, the powers of the legislature have been exercised by the commission. I point out that the opportunity for the return of responsible government to Newfoundland was promised by the government of the United Kingdom at such time as the affairs of Newfoundland might be in order, and subject to the will of its people. Following that an election was held for the appointment of forty-five representatives to the commission which was set up to discuss the position of Newfoundland. After discussion they decided to have a referendum on two subjects, whether they would have responsible government or a continuation of the commission form. Some seventeen out of the forty-five representatives voted also for the inclusion of a reference to the people of the subject of confederation. Consequently a referendum on the three questions was ordered by the British government, and it was expressly provided at the time that, if a majority of those voting did not vote in favour of any one of the three alternatives, there would be a second vote. A first vote was held, and there was not a majority for any one of the three. Then there was a second vote, and a majority of those voting voted in favour of entering confederation with Canada.

That was done by the action of the British government. The decision was made by the will of the people of Newfoundland. The British government needs no defence, but I submit that quite obviously they extended to the people of Newfoundland the possibility of having responsible government as well as the other two propositions. In other words, by allowing the people of Newfoundland to make their own choice the British government completely discharged its obligation to the people of Newfoundland.

As the leader of the opposition (Mr. Drew) said, however, that is not so much our concern, although if we had felt there was anything unfair about the way in which it was done, we would not have followed through with it. What we wanted to do was to respect the decision of the people of Newfoundland, and to enter into confederation with them on terms which appeared to be just and generous to both sides.

Par suite de la décision rendue par un vote majoritaire de la population dans le referendum, une députation sous la présidence d'un citoyen très distingué de Terre-Neuve, M. Walsh, aujourd'hui sir Albert Walsh, s'est rendue à Ottawa. M. Walsh, qui était vice-président de la Commission de gouvernement, n'avait pas précisé son attitude. La délégation comprenait aussi six autres délégués du gouvernement de Terre-Neuve. Je crois qu'il est juste de dire, sans trahir aucun secret, que certains membres de la délégation étaient en faveur de l'union avec le Canada et que d'autres ne l'étaient pas. Ces hommes représentaient leur pays en toute équité. Ils se sont débattus pour obtenir ce qu'ils jugeaient des conditions justes et raisonnables et tous, sauf un, ont signé l'accord auquel nous voulons maintenant donner suite.

Je dois rendre ici hommage à tous les sept délégués, de leur esprit de justice et de la ténacité avec laquelle ils ont défendu les opinions de leurs mandants. Comme nous, ils sont d'avis que les conditions sont justes et raisonnables; autrement, ils n'auraient pas signé l'entente. Ce sont précisément ces conditions que notre parlement soumet à l'approbation de celui de Westminster.

. . .

Following the decision of the majority of the people voting in the referendum, a delegation came to Ottawa under the chairmanship of a very distinguished citizen of Newfoundland, Mr. Walsh, now Sir Albert Walsh. He had been vice-chairman of the commission of gove-nment. He had not indicated where he stood. The delegation included six others appointed by the Newfoundland government. It is quite fair to say, without any breach of confidence, that some of the delegation were in favour of joining Canada and some were not. They represented their country in all fairness. They fought hard for what they considered to be just and reasonable terms, and then all but one of them signed the agreement which we are now seeking to implement.

I should like to pay my tribute to all seven of those gentlemen for their fairness, and the tenacity with which they represented the views of their people. I believe they would also agree with us that the terms are just and reasonable. Otherwise they would not have signed. It is those terms which are now being put forward by the parliament of Canada to the parliament at Westminster for the needed ratification.

. . .

869. PCO-CRF

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 97 St. John's, February 15, 1949

IMMEDIATE. February 15th. Following is text of news story which appeared in St. John's *Daily News* this morning:

Minority Report Presented by Mr. C.A. Crosbie
Submits Reasons for Refusal to Sign Terms of Union
Refused Permission to Make Public Minutes of November 10th and the Budget

14th February, 1949.

The Editor, *Daily News*, St. John's.

Dear Sir, — I am enclosing herewith copy of my minority report to His Excellency the Governor. I would like you to publish the report for the information of the public, as well as a copy of letter received from the Commission of Government, which speaks for itself.

In view of the letter received from the Commission of Government and because of conversation which I have had with the Chairman of the delegation, with reference to the publication of documents used during our negotiations, I am deleting the minute referred to. I regret that for the same reason I cannot send you the budget for publication.

My own impression was that during our negotiations all matters discussed were confidential, and this I can understand, but why the budgets cannot be published now is beyond my comprehension, as without knowing in detail what the budgets show, it cannot be anything but very difficult for the public to understand our financial position under Confederation as a province.

Thanking you for publishing these documents, I remain

Yours sincerely,

CHESLEY A. CROSBIE

(Copy)

Commission of Government, Office of the Secretary

St. John's, Newfoundland, 12th February, 1949.

Dear Mr. Crosbie,

Further the letter of the 10th instant† addressed to you by the Private Secretary in reply to your letter of the 9th instant† addressed to His Excellency the Governor, I am directed by the Commission of Government to inform you that your letter was fully considered by the Commission at yesterday's meeting.

As regards your reference to the publication of your letter, the members of the Government have no comments other than to mention that it was brought to their notice that to do so would be a breach of an agreement arrived at during the negotiations in Ottawa, that the minutes of the meetings held there by the delegations, and other documents referred to in your letter, were not to be published.

Yours sincerely,

(SIGNED) W. J. CAREW,

SECRETARY

C. A. Crosbie, Esq., St. John's

9th February, 1949

Your Excellency,

I regret very much the delay in not having sent you before, my reasons for refusing to sign the terms of union with Canada, but for some seven weeks I have been confined in hospital and at home.

As undoubtedly you have received from our Chairman the financial figures prepared by Mr. Thompson and Mr. Walter Marshall, our financial advisers, it will not be necessary for me to go into detail; but I would like to state here, that the budgets prepared by these gentlemen are in my opinion bare bone. They do not allow for financial emergencies that may arise, or for any increased expendi-

ture such as provincial salaries and wages, and the extra costs of operating and maintaining additional sanatoria and hospitals now under construction.

I must point out also that our surplus account is to be used to cover the deficits brought about by an expenditure of $2,500,000.00 a year on what is called capital expenditure. This money which is to be used principally on roads, bridges, etc., in my opinion cannot be considered as spent on capital account, and must be treated as other provinces do, as a current expense, which is really what it is. In other words, $20,000,000.00 is allocated over a period of eight years, with no allowance for capital expenditure which will be necessary for improvement of education and public health facilities. In addition the sum of $9,245,000.00 is allocated to cover deficits, so in all over a period of eight years approximately $30,000,000.00 of our surplus will be used for what I call ordinary expenditure, leaving in theory some $10,000,000.00 for future use. But what of the succeeding years at the end of the ninth year if we do not reach the point before all the surplus will be spent, and the province left with large deficits in the vicinity of $7,000,000.00 which can only be bridged by ever-increasing taxation, together with whatever financial assistance that may be recommended by a Royal Commission in the eighth year, when the disappearing transitional grants are at their lowest point. In my opinion our prospects of borrowing for developments are nil, as I doubt very much that any financial house would undertake to raise a loan for any province that is annually showing large deficits. In view of this I could not, and would not take the responsibility of committing the people of Newfoundland without their consent to such financial suicide.

In my opinion it would be unsound to subscribe to any financial scheme, whether private or public, in which deficits must be met out of accumulated surplus, and this is exactly what we are proposing to do, right from the date of union. This means in plain words that there will be no reduction in tax load (will not be decreased) but taxes will be increasing very much during the coming years, and particularly so when our surplus is exhausted. If the tax load is not increased the services we now have will have to be greatly reduced. This in my opinion would be disastrous.

It is true that a Royal Commission will be appointed to study our financial position in the eighth year, after the bulk of our surplus is spent when we are on the verge of bankruptcy. There is no assurance given that this report will be fully implemented, and that the province will be put on a sound financial basis.

It must also be remembered that the transitional grants will only afford temporary relief, and not permanent relief to the financial position of Newfoundland. Before leaving the financial position, I would point out in Mr. Thompson's figures an error in his surplus estimates. He has taken one million dollars for the Clarenville boats. As they have not been sold and remain the property of the province, the amount should be deducted from surplus account as well as the seven hundred thousand for the *Random* and *Brigus* because as far as I know, these boats are unsold, and will be taken over by the C.N.R. after union, without cost and as part of the railway.

I was disappointed and in fact amazed to learn that Canada would only take over our net sterling debt as at 31st March, 1949, which is considerably less than

it was when they agreed to absorb it in their White Paper of 1947. The difference could have been used here very nicely to help complete the sanatorium in Corner Brook, but our Canadian friends felt that they were in the driver's seat, and they were, so they decided no. They would also retain this difference, and from there on proceeded to drive as hard a bargain as they could, and with success.

Minute VI of November 10th quotes financial position of province.

Minute deleted

It can be seen from this minute that the Canadians themselves realized it was doubtful if the financial aid was sufficient, but in spite of this minute nothing further was done. I felt then like retiring from the delegation, but decided to remain for the bitter end.

I was disappointed and worried, and am still worried over the position of our secondary industries, not only in St. John's, but in every other part of the island. These employ many people, who cannot afford to move to the other places and trades, because of their age, and for other reasons. I feel confident that many of these industries will be unable to operate unless they are given a period to readjust themselves to new conditions. So far, this period has not been agreed to by the Canadian authorities, who intend to apply immediately all the Canadian restrictions, and excise taxes, to their operations, in spite of the recommendations made by us for some period of adjustment and by Mr. Goldenberg, who was employed by the A.N.I.[166] to put up the case of local industries. With all this representation the Canadian Cabinet Committee would not agree, and this in my opinion will mean disaster in many cases, which could have been avoided with cooperation from the Cabinet Committee. It is impossible to adapt Canadian economy to this country overnight without causing chaos and distress in many places, particularly when for centuries we have had our own economy peculiar to this country. I feel therefore that much unemployment will follow such a drastic move.

Further I am worried over what is to happen to the Newfoundland constabulary as it is agreed that in order to save money the province will be policed by the R.C.M.P. with 250 men. Presumably any of our force, both ranger and constabulary who can qualify will be absorbed in the R.C.M.P. and the others pensioned, which all means additional hardship for many of our people, and additional financial burden for the province which has not been provided for.

Pensions. The Canadian authorities could have quite easily absorbed the pensions of the people taken over by them, but this they refused and therefore this has left the province with a large contingent liability to provide its share of the pensions as they come due.

In view of what I have said I could not possibly sign the terms agreed to by the majority, and only hope that my forecast of the financial position will prove wrong and that under Confederation our people will enjoy a better and higher standard of life.

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[166]Associated Newfoundland Industries.

As per my letter of August 3rd to you,[167] I propose to publish this letter, as well as the budgets prepared by our financial advisers for the public, who may judge for themselves.

I have the honour to be Your Excellency's

Most obedient servant,

CHESLEY A. CROSBIE

Sir Gordon Macdonald, K.C.M.G., LL.D., Governor.
Message ends.

870.

Extraits des Débats de la Chambre des Communes[168]

Extracts from Debates of the House of Commons[168]

. . .

TERRE-NEUVE

CONDITIONS DE L'UNION AVEC LE CANADA — ADRESSE À SA MAJESTÉ LE ROI

La Chambre reprend la discussion, interrompue le lundi 14 février, sur la motion du très honorable M. St-Laurent, tendant à présenter une adresse à Sa Majesté le roi touchant les conditions de l'union de Terre-Neuve et du Canada, et sur la proposition d'amendement de M. Drew.

. . .

M. LACROIX: Monsieur l'Orateur, permettez-moi, à ce stade de mon discours, de présenter une motion; je propose, appuyé par l'honorable député de Témiscouata (M. Pouliot):

Que les mots "après qu'elles auront donné leur consentement" soient substitués aux mots "sur résultat satisfaisant de telles consultations" dans le dernier alinéa de l'amendement.

. . .

M. l'Orateur: La Chambre est-elle prête à se prononcer?

Des voix: Scrutin!

(Le sous-amendement de M. LaCroix, mis aux voix, n'est pas adopté.)

. . .

. . .

NEWFOUNDLAND

TERMS OF UNION WITH CANADA — ADDRESS TO HIS MAJESTY THE KING

The house resumed from Monday, February 14, consideration of the motion of Mr. St. Laurent for an address to His Majesty the King respecting the terms of union of Newfoundland with Canada, and the amendment thereto of Mr. Drew.

. . .

Mr. LACROIX: Mr. Speaker, may I be permitted, at this stage of my remarks, to move, seconded by the hon. member for Temiscouata (Mr. Pouliot):

That the words "after they will have given their consent" be substituted for the words "upon a satisfactory conclusion of such consultation" in the last paragraph of the amendment.

. . .

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

The house divided on the amendment to the amendment (Mr. LaCroix) which was negatived on the following division:

. . .

[167]Des extraits de cette lettre sont reproduits dans le document 681.

[168]Canada, Chambre des Communes, *Débats*, 1949, volume 1, pp. 556, 581, 598-600. Ce débat a eu lieu le 15 février.

[167]Extracts from this letter are reproduced in Document 681.

[168]Canada, House of Commons, *Debates*, 1949, Volume 1, pp. 538, 562, 579-81. This debate took place on February 15.

(L'amendement de M. Drew, mis aux voix, n'est pas adopté.)

. . .

Le très hon. M. HOWE: Je propose le renvoi de la suite du débat à une séance ultérieure.

Des voix: Scrutin.

M. l'Orateur: Sur la motion principale.

M. COLDWELL: Non, monsieur l'Orateur. On a proposé le renvoi de la suite du débat.

[Des voix: Scrutin.]

Le très hon. W. L. MACKENZIE KING (Glengarry): Monsieur l'Orateur, je n'aimerais pas que le débat en cours se termine sans que j'aie pu dire quelques mots sur la très importante question de l'entrée de Terre-Neuve dans la Confédération. Je doute que les députés veuillent être retenus plus longtemps ce soir. Quelques-uns ont déjà demandé l'ajournement. Je propose donc que la suite du débat soit renvoyée à une séance ultérieure.

(La motion est adoptée et la suite du débat est renvoyée à une séance ultérieure.)

. . .

The house divided on the amendment (Mr. Drew) which was negatived on the following division:

. . .

Mr. HOWE: I move the adjournment of the debate.

Some hon. Members: Question.

Mr. Speaker: The question is on the main motion.

Mr. COLDWELL: No, Mr. Speaker; the adjournment of the debate.

Some hon. Members: Question.

Right Hon. W. L. MACKENZIE KING (Glengarry): Mr. Speaker, I should not like this debate to conclude without an opportunity of saying a few words on the all-important question of the entry of Newfoundland into confederation. I doubt if hon. members would wish to wait longer this evening. Some have already asked that there be an adjournment, and therefore I move that the debate be adjourned.

Motion agreed to and debate adjourned.

. . .

871.

Extraits des débats de la Chambre des Communes[169]

Extracts from Debates of the House of Commons[169]

. . .

TERRE-NEUVE

CONDITIONS DE L'UNION AVEC LE CANADA — ADRESSE À SA MAJESTÉ LE ROI

La Chambre reprend la discussion, interrompue le mardi 15 février, sur la motion du très honorable M. St-Laurent, tendant à présenter une adresse à Sa Majesté le roi touchant les conditions de l'union de Terre-Neuve et du Canada.

Le très hon. W. L. MACKENZIE KING (Glengarry): Je ne voudrais pas que le présent débat s'achève, monsieur l'Orateur, sans que je dise combien je suis heureux et reconnaissant de l'occasion qui m'est offerte de me joindre à mes collègues de la Chambre, à cette dernière étape des délibérations visant l'entrée de Terre-Neuve

[169]Canada, Chambres des Communes, *Débats*, 1949, volume 1, pp. 617-8, 624-5. Ce débat a eu lieu le 16 février.

. . .

NEWFOUNDLAND

TERMS OF UNION WITH CANADA — ADDRESS TO HIS MAJESTY THE KING

The house resumed from Tuesday, February 15, consideration of the motion of Mr. St. Laurent for an address to His Majesty the King respecting the terms of union of Newfoundland with Canada.

Right Hon. W. L. MACKENZIE KING (Glengarry): I should not like the debate on this resolution to conclude, Mr. Speaker, without saying how greatly pleased and grateful I am to have the opportunity of joining with my fellow members of this House of Commons in the concluding stages of the necessary steps to be taken

[169]Canada, House of Commons, *Debates*, 1949, Volume 1, pp. 598-9, 606-7. This debate took place on February 16.

dans la Confédération. Une fois la résolution adoptée, la Chambre se trouvera à avoir pris, dans la limite de sa compétence, les dernières mesures nécessaires à la réalisation de l'union.

Vous vous rappelez, monsieur l'Orateur, que, dans l'après-midi de vendredi dernier, le premier ministre a noté que certains députés alors absents avaient manifesté le désir de commenter les conditions de l'union. Ils en auraient l'occasion, a-t-il dit, à l'examen de la motion dont nous sommes maintenant saisis. Tous ceux qui assistaient à la séance désiraient que le projet de loi fût adopté vendredi après-midi. De fait il l'a été, à la suite d'un seul discours.

On ne m'en voudra pas, j'imagine, si dans mes remarques de cet après-midi, — qui seront brèves, — je me réfère au débat sur les conditions de l'union, que la Chambre a déjà approuvées. Autrement dit, je ne veux pas m'en tenir trop rigoureusement à la question de procédure, qui est la seule dont traite la résolution.

Je me considère très heureux d'avoir eu le privilège, à titre de chef du gouvernement à l'époque, d'accueillir à Ottawa, au nom du Canada, la délégation de la convention nationale de Terre-Neuve, dirigée par l'honorable M. Bradley. Cette députation est venue étudier et discuter avec les représentants de notre gouvernement l'opportunité d'établir une base juste et acceptable à tous d'une union fédérale avec le Canada. La députation a eu sa première entrevue avec les représentants de notre gouvernement le 25 juin 1947. Cette entrevue a marqué l'ouverture des pourparlers qui ont abouti à une proposition d'union qui a depuis pris la forme d'un accord qu'ont approuvé les députés. J'ai également eu le privilège de participer avec quelques-uns de mes anciens collègues à une partie des autres délibérations qui ont préparé l'accord lui-même.

Puisque la base de l'union est solidement établie et que la Chambre approuve l'accord, je saisis la première occasion qui m'est offerte de féliciter chaleureusement le premier ministre (M. St-Laurent) et ses collègues, qui ont organisé les conférences subséquentes avec les représentants de Terre-Neuve, du succès que les négociations ont remporté. La tâche n'était pas facile. Il a fallu, de part comme d'autre, faire preuve de beaucoup de tact, de jugement et de patience. Aussi est-ce à l'honneur des représentants de Terre-Neuve et de ceux du Canada d'avoir réussi, dans le temps dont ils pouvaient disposer, à rédiger un accord qui a été, depuis, si favorablement accueilli de tous les groupes de la Chambre.

to bring Newfoundland into confederation. When the resolution is adopted, this House of Commons will have taken, so far as its authority extends, the last necessary step to effect the union of Newfoundland with Canada.

As you, Mr. Speaker, will recall, on Friday afternoon last the Prime Minister indicated that there were some hon. members who would wish to speak on the terms of union but who were not present at the time, and that an opportunity would be given them to speak on this motion. It was the desire, I think, of all who were present that the third reading should be carried on Friday afternoon, and it was so carried, after but one hon. member had spoken.

In my remarks this afternoon, which will be brief, I hope no exception will be taken to my referring to the debate on the terms of union as approved by this house. In other words, I do not wish to be held too strictly to speaking solely on the matter of procedure, which is the one dealt with in the resolution.

I count myself as very fortunate in having had the privilege, as head of the government at the time, of welcoming to Ottawa in the name of Canada the delegation from the national convention of Newfoundland, headed by the Hon. Mr. Bradley, which came to Ottawa to consider and discuss with representatives of our government whether there was a fair and generally acceptable basis for federal union with Canada. The delegation had its first meeting with representatives of our government on June 25, 1947. That was the beginning of the conversations which led to the negotiations that resulted in a basis of union since drafted into an agreement that has met with the approval of hon. members. It was also my privilege to have shared with some of my former colleagues in some of the other proceedings which led up to that agreement.

The basis of union having been firmly established, and the terms of agreement having been approved by this house I should like to take the earliest opportunity of warmly congratulating the Prime Minister (Mr. St. Laurent) and his colleagues, who carried on the subsequent conferences with representatives of Newfoundland, on the successful manner in which they have carried through the negotiations. Their task was not an easy one. It required on all sides a good deal in the way of tact, judgment and patience. It speaks well for the representatives of Newfoundland and the representatives of Canada that in the time at their disposal it was possible for them to reach an agreement which has since commended itself so favourably to hon. members of all parties in this house.

Je tiens à souligner tout particulièrement la part de mérite qui revient au premier ministre, pour ce qui est du succès qui a marqué la préparation de l'accord. Je sais avec quel zèle il a appuyé la cause de l'union. Dès les premiers pourparlers, il a pris la cause de l'union à coeur. Il a consacré son temps, son énergie et ses remarquables aptitudes à travailler au succès dont la Chambre se réjouit aujourd'hui.

I should like to say a special word about the Prime Minister's contribution to the success of the working out of the terms of the agreement. I happen to know something of the zeal which he showed in upholding the cause of union. From the very beginning he made the cause of union his own. He spared neither time, energy, nor aught of his great abilities in seeking to bring about the happy result which in this house we are rejoicing over today.

Permettez-moi, monsieur l'Orateur, en ma qualité de doyen de la Chambre, — je m'empresse de dire: par les états de service sinon par l'âge, — de féliciter collectivement les députés de la qualité, voire de l'excellente tenue du débat sur les conditions de l'union. Ce débat est, bien entendu, l'un des plus mémorables de nos annales. Il ne pourra être envisagé autrement, puisqu'il marque l'une des grandes étapes de notre évolution nationale; la Chambre des communes du Canada peut s'en montrer très fière; le débat n'a aucunement dérogé au noble but qu'il visait, celui de compléter la Confédération de façon à amener le pays à sa pleine stature.

May I be permitted, Mr. Speaker, as the oldest member of this House of Commons — I hasten to say, not oldest in years, but in years of membership in this house — to congratulate hon. members collectively on the quality, yes, the excellence of the debate which took place on the terms of union. The debate, naturally, was one of the memorable debates in the annals of our country's history. It is bound to be so regarded, it will be so regarded, since it marks one of the significant milestones in Canada's development. It was a debate of which Canada's House of Commons may well be proud, a debate in every way worthy of the purpose that it was intended to serve, the high and noble purpose of bringing confederation to its full stature.

Je désire féliciter non pas seulement collectivement mais encore individuellement les membres de la Chambre, qui se sont acquis le droit d'être comptés parmi le groupe distingué de ceux qu'on appelle les fondateurs du Canada. Tous ceux qui ont participé en cette enceinte à la réalisation de cette union méritent vraiment leur part de cette distinction.

May I congratulate hon. members, not only collectively but individually, on having come into the right of being included among members of that distinguished company which is known as the makers of Canada. Every one in this house who assisted in bringing about this union has earned some title to that distinction.

Il y a bien 125 ans que des hommes publics éminents du pays ont commencé à préconiser ce qu'on appelait alors l'union des colonies britanniques de l'Amérique du Nord. C'est ce qui se réalise aujourd'hui. Non seulement ce résultat a-t-il été atteint, mais nous avons aussi pour ainsi dire réalisé ce qui, je crois, nous tenait tous tant à coeur: le parachèvement complet des véritables cadres géographiques du Canada, selon nos espoirs de toujours.

It was all of a century and a quarter ago that one and more of the leading public men in this country began to advocate what was then referred to as a union of all the British-American colonies. It is that union which has been all but brought about at this time. Not only has that result been achieved, but today we have all but succeeded in bringing about what we all I think have had much at heart, namely, the rounding out, in its true proportions, of the Canada we had all hoped to live to see.

Cet après-midi, je désire parler d'une façon particulière en tant que Canadien, à titre de représentant de la population du Canada à la Chambre des communes. Nous comprenons, je l'espère bien, que nous n'avons pas été élus ici pour représenter simplement telle ou telle circonscription mais bien la population du Canada tout entier. A ce titre, je tiens à dire surtout combien nous sommes enchantés à la pensée de l'accueil vraiment chaleureux que le pays tout entier fera à Terre-Neuve, à son entrée dans la Confé-

I should like particularly this afternoon to speak as a Canadian, as a representative of the people of Canada in this House of Commons. I hope we all remember that we are here not merely as representatives of individual constituencies, but as representatives of the people of Canada as a whole. In speaking as one of such, I should like above all to say how warmly and sincerely all Canada, as at present constituted, will welcome the entrance into confederation of the island province of Newfoundland and how de-

dération, et de l'accueil qu'elle recevra, comme dixième province, de ses neuf soeurs.

lighted we are at the welcome which we know awaits Newfoundland when, as the tenth province of Canada, she is greeted by her nine sister provinces.

Les Terre-neuviens qui ont suivi le débat sur les conditions de l'union ont dû constater avec une vive satisfaction, ainsi que les Canadiens, qu'à toutes les étapes successives qu'il a fallu franchir pour aboutir à cet événement historique, il y a eu unanimité à la Chambre des communes, sauf une seule voix dissidente qui n'a contribué qu'à souligner la plénitude de cette unanimité. Rien ne saurait manifester plus éloquemment la chaleur de l'accueil que notre Assemblée fait à Terre-Neuve à son entrée dans la Confédération. Rien ne saurait exprimer plus éloquemment les sentiments de la population canadienne, dont ses représentants se sont fait ici les interprètes. Quand Terre-Neuve entrera dans notre Confédération, ce sera un jour de réjouissance nationale, de réjouissance sur la moitié septentrionale d'un continent entier, d'un océan à l'autre, une démonstration de joie qui commencera à l'aube à l'extrémité de la côte orientale du pays pour durer jusqu'au crépuscule, aux derniers confins de la côte occidentale, sur le Pacifique.

It must be a source of deepest satisfaction to the people of Newfoundland who followed the debate on the terms of union, as it is to the people of Canada, to realize that with respect to each of the essential successive steps in this historic transaction, there has been, with the exception of a single dissenting voice, unanimous approval by the members of Canada's House of Commons. The one dissenting voice has only helped to emphasize the completeness of our unanimity. Nothing could more eloquently express the warmth of the welcome which this House of Commons extends to the people of Newfoundland on becoming a part of Canada. Nothing could more eloquently have expressed the feeling of the people of Canada, as disclosed by their representatives here, than this unanimity. When Newfoundland comes into confederation it will be a day of nation-wide rejoicing, rejoicing over the northern half of an entire continent from sea to sea, rejoicing from the break of dawn on the easternmost shores of the Atlantic, to the last glow of the setting sun on the westernmost shores of the Pacific.

Je ne tenais à dire que ces quelques mots, monsieur l'Orateur, car je sentais que le débat de ces deux derniers jours sur une question de procédure pourrait avoir contribué à estomper l'éclat de la réalisation elle-même: le grand objectif admirablement atteint au cours de la discussion sur l'entente.

I have desired to say only these few words, Mr. Speaker. I have felt that in the minds of some, the discussion of the last day or two on a matter of procedure may have served to dim the brightness of the achievement itself, the great objective which was reached so splendidly in the course of the debate on the agreement.

Il est indubitable que la réunion de Terre-Neuve sera à l'avantage mutuel des deux pays. Elle comportera plus qu'un simple avantage mutuel. Le talent, l'entreprise, les ressources que chacun apportera à l'autre contribueront à les fortifier tous les deux. De plus, à une époque comme celle que nous traversons, elle nous vaudra à chacun un surcroît de confiance en face des aléas de l'avenir.

There can be no doubt that the union of Newfoundland with Canada will be to the mutual advantage of the peoples of both countries. It will, however, mean more than mere mutual advantage. The talent, the enterprise, the resources which each will contribute to the other will help to strengthen both. What is more, at a time such as the present, it will help to give each of us a greater confidence as we face the uncertainties of the future.

Évidemment, une fois l'union consacrée, il nous faudra surmonter certains obstacles, aplanir certaines difficultés. Il est toujours difficile de s'adapter à des conditions nouvelles, mais ce sont là des questions d'ordre interne qui se régleront aussi heureusement que l'ont été par le passé des problèmes de même nature. Mais ce qui compte surtout, je pense, c'est que l'union, une fois réalisée, soit fort avantageuse non seulement pour Terre-Neuve et pour le Canada, mais aussi pour les différentes nations qui, directement ou indi-

There will undoubtedly be difficulties to be overcome; there will be obstacles to be surmounted; there will be rough places to be made smooth once the union has taken place. Readjustments are always difficult but these are domestic matters which will be as successfully met as similar problems in the past have been met. What, I believe, is most important of all, is the fact that this union, when it comes into being, will be of great mutual advantage not only to Newfoundland and to Canada, but to all coun-

rectement, travaillent au maintien de la paix. Il en résultera une collaboration plus efficace entre les nations libres, à cette époque marquée par une grande incertitude quant aux affaires et aux mouvements mondiaux. Il est de haute importance d'obtenir la collaboration la plus efficace de toutes les nations attachées à des idées et des idéaux communs, et avides de protéger leur liberté.

La mesure se révélera avantageuse non seulement aux provinces réunies pour constituer un Canada plus grand, plus fort et plus en sécurité, mais aussi et surtout aux autres pays du Commonwealth des nations britanniques et aux États-Unis, dans leurs communs efforts pour le maintien de la paix. Le bien-être de l'humanité dépend de la collaboration efficace des nations pacifiques.

Il arrive parfois que les petites choses, — le fait n'est que trop vrai, — confondent les grands. Il se peut néanmoins que de cette union de deux démocraties du continent nord-américain, union de puissances comparables à cet égard [*sic*] à certaines des grandes puissances mondiales, il se peut, dis-je, que de cette union découle la force qui aidera à d'autres collectivités à préserver la liberté. Souhaitons donc que cette union se fasse avec la bénédiction divine.

. . .

M. l'Orateur: La Chambre est saisie de la motion, présentée par l'honorable député de Peel (M. Graydon) et appuyée par l'honorable représentant de Vancouver-Sud (M. Green), tendant à ce que la question soit maintenant mise aux voix. La Chambre désire-t-elle adopter la motion?

(La motion est adoptée.)

M. l'Orateur: La Chambre est-elle prête à se prononcer sur la motion du premier ministre?

Des voix: Aux voix.

(La motion principale, du très honorable M. St-Laurent, mise aux voix, est adoptée.)[170]

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[170]Le vote fut 140 à 74, les députés du parti Libéral et de la Fédération du commonwealth coopératif (CCF) votant pour la motion et les députés du parti Progressiste conservateur et du Crédit social ainsi que le député Jean-François Pouliot votant contre. Trois députés qui n'ont pas pu voter auraient voté contre. L'Adresse fut approuvée par le Sénat le 17 février.

tries which, directly or indirectly, are concerned with the maintenance of peace. It will mean more effective co-operation between free nations at this time of great uncertainty in world movements and affairs. It means much to have the most effective co-operation between all of those nations that cherish kindred ideas and ideals and which are anxious to protect their freedom.

Union will be of advantage not only to the provinces which have combined to make a larger Canada, advantages in the way of strength and security. It will be of advantage in particular to other parts of the British commonwealth of nations and to the United States of America in their common efforts at the maintenance of peace. The more that can be brought about in these days by way of effective co-operation between nations which seek to maintain the peace, the better it is going to be for mankind.

It is true that sometimes it takes the small things of the world to confound the strong. It may well be that out of this union of two democracies on the North American continent, this union of forces in no way comparable to some of the great world forces, there may nevertheless be imparted to other communities some of that strength which will help to preserve the freedom of mankind. May we not all wish and believe that a divine blessing will rest upon such a union.

. . .

Mr. Speaker: The question before the house is the motion moved by the hon. member for Peel (Mr. Graydon) and seconded by the hon. member for Vancouver South (Mr. Green), that the question be now put. Is it the pleasure of the house to adopt the motion?

Motion agreed to.

Mr. Speaker: Is the house ready for the motion of the Prime Minister?

Some hon. Members: Question.

The house divided on the main motion (Mr. St. Laurent) which was agreed to on the following division:[170]

. . .

[170]The vote was 140 to 74, with the Members of Parliament of the Liberal Party and the Commonwealth Cooperative Federation (CCF) voting for the motion and those of the Progressive Conservative and the Social Credit parties as well as Jean-François Pouliot voting against. Three Members of Parliament who did not vote would have voted against. The Address was approved by the Senate on February 17.

(Les députés se lèvent et chantent *O Canada* et *God Save the King.*)

. . .

Whereupon the members rose and sang *O Canada* and *God Save the King*.

. . .

MODIFICATION DE STATUTS

PROJET D'AMENDEMENTS TENDANT À L'APPLICATION DES CLAUSES DE L'UNION DE TERRE-NEUVE ET DU CANADA

L'hon. STUART S. GARSON (ministre de la Justice) propose la 2e lecture du bill no 12 intitulé loi modifiant le droit statutaire.

La motion est adoptée, le projet de loi est lu pour la 2e fois et la Chambre, formée en comité sous la présidence de M. Macdonald (Brantford), passe à la discussion des articles.[171]

. . .

STATUTE LAW AMENDMENT

AMENDMENTS TO IMPLEMENT TERMS OF UNION OF NEWFOUNDLAND WITH CANADA

Hon. STUART S. GARSON (Minister of Justice) moved the second reading of Bill No. 12, to amend the statute law.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.[171]

. . .

872. 2828-40

Le haut commissaire en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

High Commissioner in Great Britain to Secretary of State for External Affairs

TELEGRAM 393 London, February 18, 1949

RESTRICTED. My telegram No. 331 February 10th,[172] Newfoundland.

Sempill has introduced Newfoundland Liberation Bill in House of Lords. Text is identical with that of Herbert's Bill. It is not yet known when Sempill's Bill will be debated.

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[171]Malgré une introduction désarmante par le ministre de la Justice (document 860), le projet d'amendements fut étudié de façon détaillée par les députés à cause de ses effets sur le Canada entier ou sur les régions qu'ils représentaient. Le projet de loi passa en troisième lecture à la Chambre des Communes le 17 février. Présenté en première lecture au Sénat le 18 février, le projet de loi fut soumis à son Comité permanent sur les banques et le commerce qui l'étudia le 8 mars et le renvoya sans amendement au Sénat le 16 mars. Le même jour, le Sénat passa le projet de loi en troisième lecture.

[172]Document 865.

[171]In spite of a disarming introduction by the Minister of Justice (Document 860), the amendments were examined in great detail by the Members of Parliament because of their effects on Canada as a whole or on the regions they represented. The Bill was given third reading by the House of Commons on February 17. After the first reading by the Senate on February 18, the Bill was referred to the Senate's Standing Committee on Banking and Commerce on March 8 and was referred back to the Senate without amendments on March 16. The Bill was given third reading by the Senate the same day.

873. 2828-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 296 St. John's, February 19, 1949

Sir,

I have the honour to enclose copy of clippings† from the St. John's *Daily News* and *Evening Telegram* of February 17th which contain editorials commenting on the amendment to the Address regarding Union with Newfoundland which Mr. Drew recently introduced in the House of Commons.

2. The *Daily News* says that in introducing the amendment Mr. Drew is championing Provincial rights in order to acquire some popularity in "the key Province of Quebec." The *Evening Telegram* takes a similar line but draws somewhat different conclusions than the *Daily News*.

3. The *Daily News* remarks that "All that has come out of the Drew move is perhaps a little more political kudos for a party which has high hopes of capturing the Government before the end of the year." The *Evening Telegram* states "The political manoeuvre failed, but Newfoundlanders have long memories, and it is unlikely that at some future date when Mr. Drew solicits their support, the eighteen districts which expressed themselves in favour of Union with Canada will forget that Mr. Drew made this attempt to frustrate their wish."

I have etc.

P. A. BRIDLE
for the High Commissioner

874. 10300-B-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 307 St. John's, February 21, 1949

Sir,

I have the honour to refer to my despatch No. 279 of February 15,[173] under cover of which I sent you the text of Mr. Crosbie's "minority report."

2. I enclose copies of clippings† from the St. John's *Daily News* of February 16 and 19, and the St. John's *Evening Telegram* of February 16, which contain editorial comment on Mr. Crosbie's report.

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[173]Non reproduit. Voir le document 869.

[173]Not printed. See Document 869.

3. The St. John's *Daily News* supports Mr. Crosbie's position and says the Government should make public the budgetary figures on which his opinion is founded. It repeats Mr. Crosbie's pessimistic views regarding the financial implications of the terms for the provincial government. It argues further that the prospects of an increased national income under Confederation are no guarantee of adequate provincial revenues because the fundamental difficulty is to find a way in which to tap increased purchasing power. It is argued that the only possible method would be a retail sales tax "which is nowhere a popular institution and would undoubtedly present formidable collection problems in Newfoundland."

4. There are a number of comments which one might make on the position taken by Mr. Crosbie and the *Daily News* on the question of the provincial budget, and I do not intend to attempt such an analysis in this despatch. There is one glaring omission, however, in their calculations which I think should not be passed over. The arguments of Mr. Crosbie and those who support him overlook the fact when they talk about "additional taxation" — which is the only alternative to what they regard as ruinous deficit financing — they are really talking about taxation over and above an amount which is very much less than the taxation to which the Newfoundland people are subject today.

5. The St. John's *Evening Telegram* comments on Mr. Crosbie's report by saying that it is difficult to see how any figures projected for a period of eight years could be even approximately correct and that, in view of the increased purchasing power which Confederation will bring and because of the financial burdens which the Federal Government will take over from the Newfoundland Government, there is no reason to give substantial credence to Mr. Crosbie's pessimistic views. The newspaper also expresses the view that in the period ahead "the expectation is that the industrial development which has been occurring in recent years will continue." The only point upon which the *Evening Telegram* agrees with Mr. Crosbie is on the matter of the secondary industries. It says that he has rightly raised the question of the future of these industries. It points out, however, that "there is assurance in the statement made at the Board of Trade annual meeting by the Canadian Minister of Trade and Commerce that everything would be done in the transition period to help the industries over the humps and from the close study which the Federal authorities have been making of this matter, that the perplexities confronting them will be overcome."

I have etc.

C. J. BURCHELL

875. 10300-B-40

Extraits d'une dépêche du haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Extracts from Despatch from High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 319 St. John's, February 21, 1949

Sir,

May I inform you that I think it is most unfortunate that the *Ode to Newfoundland* was not played by the band in the Senate on December 11th. The failure so to do is still a matter of discussion and complaint in certain circles in Newfoundland.

2. I understand the explanation of the failure to play the Ode was that the orchestra did not have the music. Both words and music, however, can be found in the United Church Hymn Book.

3. May I suggest that Canadians know very little about Newfoundland and I think it would be advisable for the Information Division to endeavour to arrange a programme for the two or three days following March 31st which would rivet the attention of Canadians to the fact that immediately before midnight on March 31st Newfoundland became a Province of Canada. I suggest that one way to accomplish this purpose would be to teach Canadians the words and music of the *Ode to Newfoundland*.

. . .

I have etc.

C. J. BURCHELL

[PIÈCE JOINTE/ENCLOSURE]

ODE TO NEWFOUNDLAND

When sun rays crown thy pine-clad hills
And summer spreads her hand,
When silvern voices tune thy rills,
We love thee, smiling land.

. . .

As loved our fathers, so we love;
Where once they stood we stand;
Their prayer we raise to Heaven above,
God guard thee, Newfoundland.

876. 10300-B-40

Le haut commissaire en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

High Commissioner in Great Britain to Secretary of State for External Affairs

TELEGRAM 435 London, February 24, 1949

RESTRICTED. My telegram No. 426 of February 23rd. bill to confirm terms of union with newfoundland.

1. The Government announced in the House of Commons today that second reading will be on Wednesday, March 2nd.

2. In the meantime A. P. Herbert, supported by one Liberal, seven Conservatives and two Labour members has tabled the following motion:

"That this House, without prejudice to the merits of the proposed Union of the Dominions of Canada and Newfoundland, observing that an appeal is now pending before the Judicial Committee of the Privy Council in which certain past members of the Newfoundland Legislature claim that the procedure preliminary to the introduction of the British North America Bill was unconstitutional, *ultra vires*, and contrary to the Statute of Westminster, and that the Terms of Union attached to the Bill were negotiated and ought not to be recommended to His Majesty by the Commission of Government in Newfoundland, declares that this Bill should not be put down or considered for second reading until the said appeal, which concerns the root of the Bill, has been heard and determined."

3. My present understanding is that there would be no opportunity under the Rules of the House of Commons for this motion to be debated, (unless the Government were to provide time for debate, which is not to be expected). However, it will presumably be open to Herbert to move an amendment to the motion for second reading, and his amendment might be in terms similar to those of the motion quoted above. What it all adds up to is that Herbert obviously will use every parliamentary method to defeat or delay the enactment of the Government Bill.

877. 10300-B-40

Extrait d'une dépêche du haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Extract from Despatch from High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 361 St. John's, February 25, 1949

Sir,

I have the honour to refer to my despatch No. 321 of February 21st† regarding the approval of the Terms of Union by the Commission of Government.[174]

2. I enclose copies of a clipping† from the St. John's *Evening Telegram* of February 22nd which contains an editorial entitled "Signing Off."

3. The editorial suggests in passing that the Commission of Government might have held its discussions of the terms in public. It goes on to say "Without undue delay, despite an attempt to make political capital out of the issue, the Canadian Parliament approved the necessary legislation and it received the assent of His Excellency the Governor General last week. The cordial approval expressed by the newspapers from coast to coast over the fulfilment of the dream

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[174]Voir les documents 955, 967 et 971.

[174]See Documents 955, 967 and 971.

of the Fathers of Confederation reflects, contrary to a certain opinion expressed by a recent visitor to the Dominion, the keen interest taken by the Canadian public in this historic event. The concluding act, ratification by the Government of the United Kingdom, is unlikely to be long delayed."

. . .

I have etc.

C. J. BURCHELL

878. 2828-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 369 St. John's, February 25, 1949

Sir,

I have the honour to report that Mr. J. M. Macdonnell, K.C., M.P., President of the National Progressive Conservative Party, and Mr. R. A. Bell, National Progressive Conservative Director, arrived in St. John's on the night of February 23.

2. I enclose copies of clippings† from the St. John's *Daily News* of today's date which contain an interview with Mr. Macdonnell by the *Daily News* reporter. Mr. Macdonnell is reported to have said that he is in Newfoundland to "look over the ground," and to prepare a political campaign for his party if and when Confederation is consummated. Mr. Macdonnell is also reported to have said that a "national conference of Progressive Conservatives is also on the agenda in the Newfoundland political campaign."

3. Mr. Macdonnell told the *Daily News* reporter that the Progressive Conservative party will have members standing for every seat "in the twenty-nine member Provincial Parliament of Newfoundland and the seven Federal districts."

4. Mr. Macdonnell is reported as saying that he and Mr. Bell had come to Newfoundland "on the invitation of a number of residents of Newfoundland who have expressed their interest in affiliating themselves with the Progressive Conservative party if and when Newfoundland becomes the tenth province." Questioned regarding Progressive Conservative candidates in provincial constituencies, Mr. Bell is quoted as saying "We have been amazed at the calibre of the people who are already coming forward voluntarily."

5. I have no information as to how long Mr. Macdonnell and Mr. Bell plan to remain in Newfoundland.[175]

I have etc.

C. J. BURCHELL

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[175] Un représentant de la Fédération du commonwealth coopératif (CCF) avait visité Terre-Neuve le 18 février.

[175] A representative of the Commonwealth Co-operative Federation (CCF) had visited Newfoundland on February 18.

879. 2828-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 370 St. John's, February 25, 1949

Sir,

I have the honour to enclose copies of clippings† from the St. John's *Daily News* and *Evening Telegram* which contain news items reporting the proceedings in the Canadian Parliament and the enactment of relevant legislation. These news items appeared in the newspapers between February 8th and February 23rd inclusive.

2. Similar items appeared in the outport newspapers though naturally the coverage in this case was not quite so full. During the past two weeks the radio has carried quite full reports of the proceedings. I think there can be no doubt that both press and radio have given the proceedings very adequate coverage in Newfoundland.

3. Most of the newspapers have reported the matter objectively. It will be noted, however, that the St. John's *Daily News* has occasionally exercised a process of selection which has given undue weight to relatively insignificant statements made by those who were in some way critical of the Confederation proceedings. It will also be noted that this newspaper devoted considerable space on February 11th to the Honourable George Drew's speech of February 7th. The *Evening Telegram* has been objective in its selection of reports on the Confederation debate but has consistently presented the material in such a way as to give it prominence in its columns and its headlines have clearly indicated the steady progress of the proceedings.

I have etc.

C. J. BURCHELL

880. 10300-B-40

Le haut commissaire à Terre-Neuve au chef, la direction du Commonwealth britannique

High Commissioner in Newfoundland to Head, British Commonwealth Division

St. John's, February 25, 1949

Dear Bert [MacKay],

At the Rotary Club yesterday I was seated alongside a man (not a merchant) who I think probably is a typical type of the Newfoundlander who knows very little about what is going on here. He said to me that there was going to be

terrible confusion and chaos on April 1st. I merely replied by stating that I did not think there would be any confusion or any chaos. My own personal idea is to arrange matters so that a Newfoundlander will wake up on April 1st and discover during the day that nothing has been changed locally and indeed, as I understand it, arrangements are being made to that end, but I did not tell him so.

He will find the same men in charge of the Post Offices, Customs House, the income tax office, and indeed, in practically all Departments of Government. He will find also that in respect of Family Allowances one of his own well-known Newfoundlanders is in charge, as an appointment has recently been made of a Newfoundlander for that position. He will probably find the same with respect to Veterans Affairs and possibly also Unemployment Insurance. He will, I hope, also find the same Acting Governor in office as on the previous day. I hope also he will find the same three Newfoundland members of the Commission of Government forming the Executive Council.

I am sure that if these arrangements can all be carried through, it will greatly relieve the existing tension, particularly in the city of St. John's.

I think also that I should slip away myself quietly before the first day of April. This will, I think, help to bring home the fact that Newfoundlanders have come into control of all local matters.

I have reservations for myself and family and servants to sail in one of the Fort boats on April 2nd. I have, however, practically decided to at least send my family and servants by the steamer sailing the previous Saturday, namely March 26th. Subject to the approval of the Department, and if all necessary arrangements are made before that date, I would like to leave with them on the same steamer, or if necessary I could wait a day or two longer and travel by air. In any event I would like to be away from here before the 31st day of March so as to emphasize the fact that the Canadian Government is not continuing to take any control of local matters here.

Unless Joe Smallwood plans to have some celebration on April 1st, which I hope he will not do, the position will be that April 1st and succeeding days will pass off quietly and the transition of Newfoundland to a Province of Canada will be brought about so quietly it will hardly be noticed here at all.

Please let me have your views on this.

Yours faithfully,

C. J. B[URCHELL]

881. 2828-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 373 St. John's, February 26, 1949

Sir,

I have the honour to enclose copies of a clipping† from the St. John's *Daily News* of February 25 which contains a report of an address which Mr. Charles E. Hunt, C.B.E., K.C., made before the weekly meeting of the Patrician Association on February 20. The Patrician Association is a Roman Catholic organization.

2. Mr. Hunt's address was entitled "The Approaching Sunset." He reviewed Newfoundland's history, touching upon constitutional developments, the many vicissitudes through which the people have passed and what he described as the country's "recent prosperity," which he attributed to a large extent to Newfoundland's strategic position.

3. Mr. Hunt admitted that "among our many weaknesses has been a tendency against conservation, as witnessed by the diminution in wild life, the fisheries have ever been a gamble, our remoteness and our scattered population have created a tendency to live in the present and let the future take care of itself." He declared, however, that he felt that "God's hand, in separating us from the mainland, had designed the building of a sturdy race, blended of English, Scotch and Irish stock. A people different from any to be found elsewhere in the world. Our most treasured attributes are our kindness, hospitality, friendliness, and patience. Our God-fearing way of life, coupled with our native ingenuity that enables a Newfoundlander to build his own home and craft, is tempered with a keen and kindly sense of humour."

4. Mr. Hunt's address was directed primarily to his younger listeners because, he said, the future is in their hands. He remarked that "the long day during which this country has existed as a separate entity is rapidly drawing to a close. Britain's Oldest Colony is about to become Canada's Youngest Province, and the days ahead will be sad for many of the older generation."

5. Looking to the future, Mr. Hunt said that the sunrise which will follow the "clouded sunset" which now lies ahead may probably bring extra material benefits, though he was inclined to doubt this. He warned, however, that "it would certainly bring an increased circulation of the strange doctrines which we see promulgated elsewhere today." He urged his listeners to remain steadfast in character and in their loyalty to Newfoundland.

6. I think the essence of Mr. Hunt's sentiments are to be found in the following sentence which is quoted as part of his address: "It is much better to belong to a small country because you can carry it more easily in your heart."

I have etc.

PAUL A. BRIDLE
for High Commissioner

882. 2828-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 379 St. John's, February 26, 1949

Sir,

I have the honour to enclose a copy of a clipping† from the St. John's *Evening Telegram* of February 25 which contains an article entitled "Political Scene Comes to Life Again" by Rupert Jackson.

2. In this article Mr. Jackson discusses the possible plans and prospects of the Liberal, Progressive Conservative and C.C.F. parties in Newfoundland. He suggests that "Smallwood and the Liberals would seem to have a comfortable head-start." He comments, however, that, although Mr. Smallwood has definitely stated that he is a Liberal, nothing has as yet been said about actual Liberal organization here, or as to whether or not he will lead the Liberal party. He reports that Mr. Smallwood told him that he will shortly be starting "on a plane, train and boat trip all over Newfoundland, meeting the various Newfoundland Confederate Association branches in the outport settlements."

3. Mr. Jackson says that "it is expected that many of the old Responsible Government League will give their support to George Drew and his party." He says that secrecy veils the question of local Conservative leadership. He says that the names of J. B. McEvoy, C. C. Pratt, C. A. Pippey, Richard Cramm and others have been mentioned, but that nothing definite is known.

4. Mr. Jackson is of the opinion that the C.C.F. will not meet with much success in the coming election campaign in Newfoundland.

5. Mr. Jackson reports that the opinion of "the man in the street seems to lean" toward the idea of a coalition government for at least the first four years of provincial politics. He says that the view expressed is that men like C. C. Pratt, Lew Ayre, Philip Gruchy, C. A. Crosbie and others should "get together, forget politics and work for the country alone" in this transitional period.

I have etc.

C. J. BURCHELL

883. 2828-40

Le gouverneur de Terre-Neuve au Premier ministre

Governor of Newfoundland to Prime Minister

St. John's, February 28, 1949

Sir,

I have the honour to inform you that on Saturday, March 5th, 1949, I take my official departure from Newfoundland. I am proceeding on leave to the United Kingdom until March 31st, 1949, when my tenure of office as Governor and Commander-in-Chief will terminate.

I have etc.

GORDON MACDONALD

884. 10300-B-40

Le haut commissaire en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

High Commissioner in Great Britain to Secretary of State for External Affairs

TELEGRAM 465 London, March 2, 1949

RESTRICTED. My telegram No. 435 February 24th, Bill to confirm Terms of Union with Newfoundland.

The debate on second reading is now taking place in the House of Commons. After Noel-Baker spoke for the Government, Oliver Stanley spoke for the Conservative opposition. While saying that he would support the Bill, Stanley expressed grave misgivings about the prospect of the Bill becoming law before the Judicial Committee of the Privy Council can hear and determine the appeal now pending from Newfoundland. He urged the Government of the United Kingdom to consider doing one of two things:

(a) Seeing whether the Judicial Committee could not hear and determine the appeal before the end of March, or

(b) Consulting with the Canadian Government on the desirability of postponing the effective date of Union until after the Privy Council has disposed of the appeal.

2. The third speaker was A. P. Herbert, who is speaking at this moment. As anticipated in my telegram No. 435, he has put down a motion modelled on the motion quoted in telegram No. 435. The motion he has put down today is in the nature of an amendment to the motion for second reading. In my immediately following telegram I shall give *en clair* the text of the motion he has put down today and also the texts of various motions which he plans to move in the committee stage.

885. 10300-B-40

Le haut commissaire en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

High Commissioner in Great Britain to Secretary of State for External Affairs

TELEGRAM 466 London, March 2, 1949

IMMEDIATE. My telegram No. 465 of March 2nd, Bill to confirm Terms of Union with Newfoundland. Following is text of A. P. Herbert's motion, which is in the nature of an amendment to the motion for second reading, Begins:

On second reading of British North America Bill, to move, that this House, without prejudice to the merits of the proposed union of the Dominions of Canada and Newfoundland, is not satisfied that the procedure preliminary to the

introduction of this Bill has been constitutionally correct and just, is not persuaded that the will of Newfoundland has been established as clearly and unmistakably as is necessary for surrender of sovereignty and a lasting change of status, and, observing that the Terms of Union have been debated in the Canadian Parliament for a fortnight but have not been debated in Newfoundland at all, declines to approve the Agreement until it has been considered and approved in the Legislature of Newfoundland and an address presented to His Majesty in accordance with section one hundred and forty-six of the British North America Act, 1867. End of motion.

2. Following are the texts of the various amendments to the Bill which Herbert intends to move in the committee stage; Begins.

Preamble, page 1, line 1, leave out "the people," and insert "forty-four and a half per centum of the registered electors."

Preamble, page 1, line 2, after "majority," insert "amounting to four per centum of those who voted."

Preamble, page 1, line 3, at end, insert "but it is doubtful whether the Referendum Act, 1946, under which the said referendum was held, was a valid law."

Preamble, page 1, line 7, after "Newfoundland," insert "being seven persons appointed by His Majesty of whom three are Newfoundlanders."

Preamble, page 1, line 8, after "Canada," insert "but not Newfoundland."

Preamble, page 1, line 11, at end, insert "but not the Legislature of Newfoundland."

Preamble, page 1, line 14, at end insert "and whereas the letters patent for the administration of Newfoundland dated the twenty-eighth day of March, eighteen hundred and seventy-six, and the seventeenth day of July, nineteen hundred and five, were suspended at the request and with the consent of the Legislative Council and House of Assembly of Newfoundland but only until such time as Newfoundland might become self-supporting again;

And whereas Newfoundland has become self-supporting again;

And whereas it is not in accord with the established constitutional position that any change should be made in the Constitution of the Dominion of Newfoundland unless it has been considered and approved by the Legislature of that Dominion."

Clause 1, page 1, line 19, at beginning, insert "subject as hereinafter provided."

Clause 1, page 1, line 21, leave out from "confirmed," to end of clause.

New Clauses

To move the following clause:

It shall be lawful for His Majesty by any letters patent under the Great Seal of the Realm to revoke the letters patent dated the thirtieth day of January, nineteen hundred and thirty-four, issued under the provisions of the Newfoundland Act, 1933, and to terminate the suspension of the powers of the letters patent of the twenty-eighth day of March, eighteen hundred and seventy-six, and of the

letters patent dated the seventeenth day of July, nineteen hundred and five, and to make such further provision as may be necessary —

(i) To empower the Governor to summon forthwith the Legislative Council and House of Assembly of Newfoundland to resume their Parliamentary duties, and

(ii) To restore responsible Government to the people of Newfoundland.

To move the following clause:

If and when the Legislative Council and House of Assembly of Newfoundland shall consider and approve the said agreement the same shall come into operation immediately and have the force of law notwithstanding anything in the British North America Acts, 1867 to 1946. End of Motions. Ends.

886. 10300-B-40

Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Great Britain to Secretary of State for External Affairs

TELEGRAM 471 London, March 3, 1949

RESTRICTED. My telegram No. 466 March 2nd, Bill to confirm terms of union with Newfoundland. As Wershof informed MacKay by telephone last night this Bill was given second reading (and Herbert amendment rejected) by vote of 217 to 15. It is expected that the Bill will go through the Committee stage in the House of Commons and also receive third reading on Wednesday, March 9th. There is no definite information yet as to the timetable in the House of Lords but I should think that there is a fair chance of the Bill being disposed of completely by March 18th.

2. In my telegram No. 465 yesterday, I reported the suggestion of Oliver Stanley (for the Conservatives) that the Government should try to do something to avoid any appearance of conflict between the enactment of the Bill and the forthcoming appeal to the Privy Council. In winding up the debate for the Government, Gordon Walker said that he could not hold out any hope of postponing the date of union. He said, however, that he would look into the possibility of expediting the hearing of the appeal before the Judicial Committee, with a view to having the appeal disposed of before the end of March. I spoke informally this morning to the Commonwealth Relations Office on this point and, although their inquiries have not been completed, they do not see how the appeal can be disposed of before the end of March.

3. I am sending in today's airbag the Hansard report of yesterday's debate in the House of Commons. A despatch on the progress of the Bill through Parliament will follow in due course.

887. 2828-40

Le Premier ministre au gouverneur de Terre-Neuve
Prime Minister to Governor of Newfoundland

Ottawa, March 4, 1949

Dear Sir Gordon [Macdonald],

I thank you for your courtesy in advising me, by your letter of February 28, of your departure from Newfoundland on March 5.

Before you leave I should like to express to you the appreciation of myself and my colleagues for the many courtesies you have extended personally to the present High Commissioner and his predecessor and their staffs, and to various Canadian officials who from time to time have visited Newfoundland. The Government is especially grateful to you and to the Commission of Government for the friendly co-operation extended to Canadian officials who have visited Newfoundland during the past few weeks to make tentative administrative arrangements for taking over present Newfoundland services, or for establishing Canadian services, in the event that union becomes effective on March 31.

I regret that I have not had the opportunity of meeting you personally, but I trust that some time I may have this pleasure. Will you please accept my sincere good wishes for the welfare of yourself and your family and for your success in whatever field of activity you may now undertake.

Yours sincerely,
L. S. ST. LAURENT

888. 2828-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 392 St. John's, March 4, 1949

Sir,

I have the honour to refer to my Telegram No. 88 of February 11[176] regarding the action taken against members of the Commission of Government in connection with the Confederation proceedings.

2. In paragraph two of my telegram under reference I reported that the Appeal against the original Judgment of Judge Dunfield in this case was dismissed by the Supreme Court on January 22, and that the Chief Justice and Judge Winter stated at that time that they would prepare written Judgments.

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[176] Document 866.

3. I enclose copies of clippings[†] from the St. John's *Evening Telegram* of March 1, 3 and 4 which contain the texts of the Judgments of the Chief Justice and of Judge Winter in this matter, as well as the text of a Judgment of Judge Dunfield on Appeal.

I have etc.

C. J. BURCHELL

889. 2828-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 157 St. John's, March 4, 1949

My despatch No. 388 of February 28th,[†] appeal to the Privy Council against the judgment of the Supreme Court in the injunction case against members of the Commission of Government.

It will be recalled that in my telegram No. 88 of February 11th I reported that conditional leave to appeal had been granted to the appellants. I am now informed that the conditions to which the leave to appeal was subject have been met. The appellants have posted a bond in the sum of $2,500 and the records in connection with the case have been despatched to the United Kingdom.

890. 2828-40

Le haut commissaire à Terre-Neuve au chef, la direction du Commonwealth britannique

High Commissioner in Newfoundland to Head, British Commonwealth Division

St. John's, March 9, 1949

Dear Bert [MacKay],

I enclose herewith a letter which appeared in the *Evening Telegram* of yesterday. The verse reads all right but read downwards the first letter of each line.

This letter shows how little regard some of the people in this country pay to the decencies of life when they attack the Governor in this indecent way.

I understand that Mr. Jeffery and Ralph Herder feel very badly about the matter but they cannot be blamed. I am told that the letter passed through the hands of three or four of their men and none of them noticed the indecency of it. Indeed, very few people would notice it. I read it when the paper came out yesterday and wondered who had written it, but it was only later in the evening that the intention of the writer was pointed out to me.

Yours faithfully,

C. J. BURCHELL

[PIÈCE JOINTE/ENCLOSURE]

Extrait du Evening Telegram de St. John's du 8 mars 1949

Extract from St. John's Evening Telegram of March 8, 1949

. . .

FAREWELL

Dear Mr. Editor, — Would you publish attached farewell to His Excellency Sir Gordon Macdonald, K.C.M.G.

A Farewell!

The prayers of countless thousands sent
Heavenwards to speed thy safe return
Ennobled as thou art with duty well performed,
Bringing peace, security and joy
Among the peoples of this New Found Land.
So saddened and depressed until your presence
Taught us discern and help decide what's best for
All on whom fortune had not smiled.
Remember if you will the kindness and the love
Devotion and the rest that we the people have for Thee — Farewell!

E.A.

. . .

891. 10300-B-40

Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Great Britain to Secretary of State for External Affairs

TELEGRAM 525 London, March 10, 1949

RESTRICTED. My telegram No. 471,[177] Bill to confirm terms of union with Newfoundland. I sent you an unnumbered telegram† last night reporting that the Bill had passed to Committee stage and received third reading in the House of Commons. Copies of Hansard will be sent by air bag.

2. In the Committee stage a vote was taken on Herbert's amendments to Clause 1 of the Bill, and these were rejected by a vote of 241 to 12. There was no division on third reading.

3. The text of Herbert's amendments was given in my telegram No. 466. In his speech yesterday, Herbert summed up his amendments as follows:

"Briefly, the suggestion is that this House shall accept — and indeed it accepted on the second reading — the principle and the terms of the Bill as they

[177] Document 886.

appear in the schedule to the Bill, but because we do not know enough about them and because they have not been discussed with Newfoundland, they shall be sent to the Government of Newfoundland, according to the British North America Acts, and, when they have been discussed and approved by the Parliament of Newfoundland, they shall automatically have the force of law. The difference between that suggested procedure and the procedure suggested on second reading is that in that case there would be no more recourse to this Parliament, and we shall have an end of it."

4. The Attorney General, Sir Hartley Shawcross, made a lengthy speech in Committee in which he discussed the legal and constitutional objections that have been raised to the procedure being followed. He said:

"There are said to be four ways in which we may be departing from the law or the spirit of the constitution in these matters. It is said, first, that Confederation with Canada can only be effected under Section 146 of the British North America Act, 1867; secondly, that what it is sought to do here involves an infringement of the Statute of Westminster, 1931; thirdly, that in view of the terms on which Responsible Government was suspended in Newfoundland in 1933, what is now being done should only be done on a request from a Legislative Assembly in Newfoundland; and finally, it is said — this is a point which has given us some anxiety and which we have considered most carefully — that the present legislation should await the advice which may be tendered to His Majesty by the Judicial Committee of the Privy Council in an appeal from the Supreme Court of Newfoundland which is at present pending."

5. On the first point he said that it was perfectly clear that Section 146 of the British North America Act was an enabling section. It could not be argued that the procedure for the admission of Newfoundland into Confederation set forth in Section 146 was the only and exclusive means by which union could be effected.

6. On the second and third points he said that Newfoundland had not adopted the operative parts of the Statute of Westminster. He then dealt with the conventional constitutional doctrines enshrined in the preamble to the Statute of Westminster. He agreed that the conventions set forth in the preamble did undoubtedly apply to Newfoundland when that Statute was enacted, and the most important convention was that no law could be passed by the United Kingdom Parliament to extend to any Dominion except at the request and with the consent of that Dominion. However, the Attorney General continued, something happened to the constitutional status of Newfoundland afterwards which made these conventional doctrines inapplicable to Newfoundland. What happened was, of course, that Newfoundland temporarily abdicated her position of equal sovereignty as a member of the Commonwealth. Newfoundland acquired the constitutional position of a Colony, and there was no conventional doctrine restricting the right of the United Kingdom Parliament to legislate regarding a Colony. The Newfoundland Act 1933 set forth two conditions for the restoration of Responsible Government, namely, solvency plus a request from the people of Newfoundland. The only way in which such a request could be made was by a popular vote, as there was no legislature in Newfoundland. "Even, therefore, if the constitutional convention had applied to Newfoundland and even if, contrary to the view

I am submitting to the House as the better view, this Parliament had no right conventionally, as opposed to legally, to legislate for Newfoundland except at the request of the people of Newfoundland, the people have made the request in the only way open to them to make it in existing circumstances."

7. The Attorney General then came to the last point, i.e., that the action of the United Kingdom Parliament should await the decision of the Privy Council on the appeal now pending. He said that this is an argument to which the United Kingdom Government would wish to defer if it were at all possible, even if only out of high respect for the Privy Council. "But, it is not always possible for a Sovereign Parliament to delay its legislative processes in case the Supreme Appeals Tribunal should take a different view of the law from that which is at present laid down by decisions of the Courts, which are binding statements of the law. Parliament, in proceeding with this Bill, is in fact proceeding on the basis of the law as at present ascertained and as laid down by the Courts." The Attorney General agreed that, in theory, one of the results of the forthcoming appeal might be a decision by the Privy Council that the Bill, i.e. the British North America Act 1949, was not effective in Newfoundland. This was a risk that had to be taken, although he did not think that it was a real risk. If such a decision should be made by the Privy Council, the United Kingdom Government, the Canadian Government and the Newfoundland Government would have to start all over again. He said that it was impossible under the rules of the Privy Council to arrange for the appeal to be disposed of before the end of March. He pointed out that, unless the Bill was passed into law before the end of March, the Canadian Statute approving the terms of union would cease to be operative. This would lead to great confusion. If the Privy Council were to decide that the British North America Act 1949 was not effective in Newfoundland, the position would not really be much worse than if the enactment of this Statute were now to be delayed. "We take the view, and events have shown us to be right, that the action brought in Newfoundland was a frivolous and vexatious action. We did not think it right that the action of a sovereign Parliament should be delayed or impeded by an action defined by the Supreme Court as a frivolous and vexatious action. If we allowed that to be done in every case — and I am putting this as a general proposition — if we allowed the possibility of a frivolous and vexatious action to delay and impede the work of a sovereign Parliament, the work of Parliament would never go forward at all."

8. The Attorney General's speech contained one passage which may be of special interest to constitutional lawyers. He said:

"No Government and no Parliament in the United Kingdom would dream for a moment of seeking to override the provisions of the Statute of Westminster in any independent Commonwealth country to which the Statute applied. That is one of the cases where convention, rather than the strict law of the constitution, would effectively constrain the action of our legislature. But it is a very different thing to say that the Privy Council, or any other Court in this country, could pass upon such legislation if in fact it did take place."

892. 10300-D-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 404 St. John's, March 10, 1949

Sir,

May I inform you that at the present time we have an inside glass sign "Offices of the High Commissioner for Canada" which is hung in the plate glass window in our reception office.

2. We have also a sign painted on the window in the door at the street entrance to our office "Offices of the High Commissioner for Canada."

3. I have asked Mr. Wright to have the sign in the reception office removed on the morning of April 1st and also to have the sign on our entrance door erased and to have substituted on the door a sign "Canadian Government Offices."

4. I am having this done so as to bring home the fact to the people of Newfoundland that the Office of the High Commissioner for Canada is permanently closed in this city, on and after April 1st.

I have etc.

C. J. BURCHELL

893. 10300-B-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 425 St. John's, March 21, 1949

Sir,

I have the honour to report that on March 6 I was present at the pierside when His Excellency Sir Gordon Macdonald, K.C.M.G., Governor of Newfoundland, accompanied by Lady Macdonald and his son and daughter, sailed from St. John's to return to the United Kingdom.

2. Shortly before the ship sailed the Governor and his party, accompanied by his Aides, members of the Commission of Government and Judges of the Supreme Court, arrived at the pierside. The Governor inspected a guard of honour composed of members of the Newfoundland Constabulary and said farewell to the invited guests who were present. These included the Consular representatives of the United States, France and Portugal.

3. When the Governor and his party had gone on board the vessel, the band of the Newfoundland Constabulary, which was in attendance, played suitable airs,

and as the ship moved away from the pier the Chief Justice called for three cheers for the Governor, to which the crowd responded heartily. Most of those present remained to wave good-bye to the Governor and his party until the ship, which was dressed with flags, had cleared the harbour.

4. Some members of the public who were not invited to the pierside watched the Governor's departure from other vantage points.

5. The departure of the Governor was an historic event in that he is the last of a long line of British Governors who have held office in this country. As you know, the Governor's term of office has not yet expired and the Chief Justice, Sir Edward Emerson, is acting as Administrator in the Governor's absence.

6. I enclose copies of clippings† from the St. John's *Evening Telegram* of March 4 and 7 and from the St. John's *Daily News* of March 7 which contain news reports of the Governor's departure, the text of the farewell address which the Governor made on March 5, editorial and other comment on the Governor's departure and the text of a message to the Governor from the Secretary of State for Commonwealth Relations on the occasion of his departure, along with the Governor's reply.

I have etc.

C. J. BURCHELL

894.

Extrait des Débats de la Chambre des Communes[178]

Extract from Debates of the House of Commons[178]

. . .

TERRE-NEUVE

L'UNION AVEC LE CANADA — SANCTION ROYALE AU ROYAUME-UNI — CÉLÉBRATION LE PREMIER AVRIL

Le très hon. L. S. ST-LAURENT (premier ministre): La Chambre me permettra-t-elle un moment de revenir aux avis de motions, afin de l'informer que la sanction royale a été accordée, au Parlement du Royaume-Uni, à une loi visant l'union de Terre-Neuve avec le Canada.

Des voix: Très bien.

Le très hon. L. S. ST-LAURENT: Le compte rendu ne pourra pas rendre les applaudissements qui ont accueilli cette communication. Je tiens à déclarer, cependant, qu'il est très agréable de

[178]Canada, Chambre des Communes, *Débats*, 1949, volume 2, p. 1903. Ce débat a eu lieu le 23 mars.

. . .

NEWFOUNDLAND

UNION WITH CANADA — ANNOUNCEMENT OF ROYAL ASSENT IN UNITED KINGDOM — CEREMONIES ON APRIL 1

Right Hon. L. S. ST. LAURENT (Prime Minister): Might I have the consent of the house to revert for a moment to motions, in order to inform hon. members that the royal assent has been given in the parliament at Westminster to the legislation providing for the union of Newfoundland with Canada.

Some hon. Members: Hear, hear.

Mr. ST. LAURENT: The applause with which this announcement has been greeted will not appear in Hansard, but I do wish to state that it is very satisfactory to find that, although there

[178]Canada, House of Commons, *Debates*, 1949, Volume 2, p. 1912. This debate took place on March 23.

constater que, malgré les divergences de vues sur la méthode qu'il convenait d'employer, tous les députés sont unanimes à accueillir avec plaisir la nouvelle voulant qu'on ait maintenant accompli toutes les formalités juridiques en vue de donner effet à cette union à compter de minuit, le 31 mars 1949.

Des voix: Très bien.

. . .

may have been diverging views as to the proper procedure, there is no divergence whatsoever as to the pleasure with which we receive the news that all the legal formalities have now been completed to make this union effective as from the expiration of March 31, 1949.

Some hon. Members: Hear, hear.

. . .

895. 10300-B-40

Le haut commissaire en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

High Commissioner in Great Britain to Secretary of State for External Affairs

DESPATCH 628 London, March 24, 1949

Sir,

Now that Royal Assent has been given to the British North America Act, 1949, which confers the force of law on the Terms of Union between Canada and Newfoundland, it may be useful for the record to have this detailed account of the progress of the Bill through Parliament.

DEBATE ON SECOND READING IN THE HOUSE OF COMMONS, MARCH 2nd.

Mr. Noel-Baker

2. The Secretary of State for Commonwealth Relations, Mr. Noel-Baker, moved the Second Reading and made the principal speech for the Government. After giving a brief summary of the Bill and its schedule, he said:

"I have a narrowly restricted task in this Debate. I have not to argue the merits of confederation — whether union with Canada will be good for Newfoundland, whether Canada's terms are generous or not, whether it would have been better for the Newfoundlanders if responsible government, Dominion independence, had been restored. All that was for Newfoundland and Canada to settle, and it was not for me — it is not for me today — to intervene. My task is to present to the House the agreement which Newfoundland and Canada have made, to explain how that agreement was arrived at, to justify the action of our Government in the matter, and to ask the House to give the agreement the force of law."

He reviewed the events since 1933 which led to the introduction of the Bill, and then turned to some of the criticisms that have been levelled against the procedure adopted. The first criticism related to the decision of the Government of the United Kingdom to insert Confederation in the referendum. Mr. Noel-Baker said:

"Why did the Government of the United Kingdom insert the third alternative, Confederation with Canada, in the Referendum when the National Convention

had decided not to do so? I want it to be absolutely clear that it was we, this Government, and not the Commission of Government who decided on that insertion. Our reasons for doing so were published just a year ago today. What were they? The vote in the National Convention for the exclusion of confederation had been 29 to 16.

In other words, there was a strong section of the Convention strongly supported outside which wished confederation to be included. We felt that by the insertion of confederation we were in no way prejudicing the ultimate decision, but we felt that it would be wrong to refuse the wish of so large a section who desired that third alternative should be voted on.

We felt that if we did exclude it, we should, in effect, be disenfranchising [*sic*] a large number of electors. The event has proved that we should, in fact, have disenfranchised [*sic*] more than half, and I am sure that, in the light of the result of the Referendum, the House will think that we did right."

3. He then turned to the pending appeal to the Privy Council from the judgment of the Supreme Court of Newfoundland in the case brought by six Newfoundlanders to establish that union is illegal, and said:

"I quite agree that, in the normal way, it would be undesirable to bring in legislation on a matter which is the subject of litigation in the courts. But I am advised that there may be cases where the public interest demands that Parliament should proceed, and I submit that this Bill is a case in point. Parliament, of course, must examine the circumstances of the matter and must then decide, in its supreme authority, to do what it judges to be right. What are the circumstances here? If we waited until this appeal were heard, union could not be carried through on the appointed day. Confusion would certainly result, and public interest, above all in Newfoundland, would greatly suffer. It is, therefore, undesirable to postpone the date of union, the more so since I am advised that this appeal to the Privy Council cannot really affect the issue."

4. Mr. Noel-Baker next dealt with the argument that, as Section 146 of the B.N.A. Act provides a method for the entry of Newfoundland into Confederation, the union can be effected only by that method. He said that this view is wrong, that Section 146 did not and could not exclude the possibility of Newfoundland entering Confederation by other lawful means. He also implied that, even if there were a legislature in Newfoundland at the present time, the method set forth in Section 146 is no longer appropriate.

"It (S.146) simply provided that incorporation might be effected by Order in Council made by the King in exercise of his prerogative on the advice of his Ministers in the United Kingdom. Of course, if that procedure had been adopted it would have avoided the need for legislation. We should not be debating this Bill today. But clearly that procedure is not applicable to the present factual situation in Newfoundland; the Prime Minister of Canada, Mr. St. Laurent, has argued in his House of Commons that it is not appropriate to the present constitutional position of his country, because the King in respect of Canada now exercises his prerogative not on the advice of his Ministers in the United Kingdom but on the advice of his Ministers in Canada alone. Therefore, I think the British North America Act of 1867 need not delay us any further now."

5. He then discussed the argument that, by the Newfoundland Act of 1933, the United Kingdom Parliament had made a pledge to restore self-government when Newfoundland became self-supporting. He said:

"That argument all turns on the meaning of the Extract from the Royal Commission's Report which appears in the Schedule to the Act of 1933. The first paragraph of that Extract numbered (a), reads as follows:

'The existing form of Government would be suspended until such time as the Island may become self-supporting again.'

If hon. Members examine that, they will see that if it stood alone there would be a strong case for saying that when the Island was self-supporting the form of Government which had existed in 1933 must be restored and that no other alternative was open. But paragraph (a) does not stand alone. The Extract continues down to paragraph (g), which reads as follows:

'It would be understood that, as soon as the Island's difficulties are overcome and the country is again self-supporting, responsible government, on request from the people of Newfoundland, would be restored.'

The words 'on request' are vital. The old form of Government is only to be restored if there has been a request from the people of Newfoundland. It is plain that if there is no such request something different could be done — otherwise the Commission of Government would have to go on for ever, which I submit is absurd."

6. In his concluding remarks Mr. Noel-Baker reminded the House that, for months before the first referendum, there was no shadow of doubt about the method by which Confederation, if accepted, would be carried through. "I hope," said Mr. Noel-Baker, "the House will endorse the view which the Government hold, that the method, like the result and like the future form of government in Newfoundland, is wholly democratic in every way."

Mr. Oliver Stanley (Conservative)

7. Mr. Stanley was the official spokesman for the Conservative Party in this debate. He agreed that it was not the business of the House to express an opinion as to the merits, or demerits, of the proposal for union. The sole task of the House was to determine whether, in passing the Bill, the House was carrying out the express will of the peoples of Canada and of Newfoundland. There was no dispute about the will of the people of Canada, but he regretted that matters were not so clear with regard to the people of Newfoundland.

8. Mr. Stanley laid great emphasis on the fact that, in the despatch sent by the Secretary of State for Commonwealth Relations to the Governor of Newfoundland on March 2nd, 1948, three months before the first referendum, the procedure that would be followed had been clearly and fully set forth. Members of the House of Commons in London had made no objection at that time to the proposed procedure and, so far as Mr. Stanley knew, no one in Newfoundland had begun to object to the procedure until after the first referendum. After referring to the small majority obtained by Confederation on the second referendum, Mr. Stanley said: "Frankly, I put to myself the question whether at this stage it would not have been wise on the part of the Government to make assurance doubly sure

— although I do not for one moment claim that there was any legal liability on them to do so — when they began to find the existence of this bitter opposition — a bitter opposition which might do great damage to the future relationship of Newfoundland and Canada and, incidentally, to the future relationship of this country and the Canada of which Newfoundland will form part — and to have restored the method of ordinary elections by district and the final decision by the population. I do not think for one moment that in not adopting that course we are entitled to blame them. They did set out quite clearly the course which they intended to adopt, and they have not deviated at all from it. I am only showing that the decisions which all of us wish could have been avoided might possibly have been avoided by that method."

9. Mr. Stanley pointed out that it was too late now to adopt a different procedure. The terms of federation had been agreed to by the representatives of the Government of Canada and Newfoundland.

"It would certainly be, in my view, a very big responsibility for this House now, in these circumstances, to reject the proposals which are made by Canada which come from Newfoundland under the circumstances with which we are all now familiar. A rejection from this House might lead to Canada withdrawing altogether from the proposal. It certainly might cause great feeling in Canada as to the extent of the interference exercised by this House of Commons with Canadian affairs against the wishes of the people of Canada."

10. Mr. Stanley concluded by discussing the pending appeal to the Privy Council. This was a new factor and gave him and the Conservative Party serious concern. He agreed that, from a purely legal point of view, Parliament was sovereign and could pass the Bill into law regardless of what the Privy Council might eventually say. Furthermore, he did not think that there was any real chance of the appeal succeeding. Nevertheless he thought that, on moral grounds, it was most unfortunate to have the Bill pass into law before the Privy Council had disposed of the appeal.

"I do beg the Government, even at this stage, to see whether there is not something that can be done to avoid the very unpleasant dilemma in which — it may only be by the one chance in a thousand — this House may be placed. Is it not possible, on the one side, in view of the grave importance of this issue, to have the hearing expedited? On the other side, would it not be possible, after explaining to Canada and Newfoundland the very real difficulty in which this House is placed — because I do feel that it is a real difficulty — to have the operative date of the federation postponed for a limited period, which would enable the hearing to be completed?"

11. Mr. Stanley concluded with these words:

"It is a great regret that, after all these centuries of loyal affection between us and Newfoundland, there should be in any section of the population the regrets and suspicions with regard to this country which now exist. I do not myself believe them to be justified. Whatever may be felt about wisdom or folly, I cannot allow the suggestion that this country has in any way behaved unfairly or with lack of justice. I hope that time will convince the people there of that, that the

bitterness will die down, and that in their new relationship with us the connection may be as long and as prosperous as it has been in the past."

Sir Alan Herbert (Independent)

12. Sir Alan moved the following amendment to the motion for Second Reading:

"This House, without prejudice to the merits of the proposed union of the Dominion of Canada and Newfoundland, is not satisfied that the procedure preliminary to the introduction of this Bill has been constitutionally correct and just, is not persuaded that the will of Newfoundland has been established as clearly and unmistakably as is necessary for a surrender of sovereignty and a lasting change of status, and, observing that the terms of union have been debated in the Canadian Parliament for a fortnight but have not been debated in Newfoundland at all, declines to approve the Agreement until it has been considered and approved in the Legislature of Newfoundland and an Address presented to His Majesty in accordance with Section one hundred and forty-six of the British North America Act, 1867."

He said that even in Canada there has not been complete harmony on the question of procedure. He mentioned that the Conservative Opposition in Ottawa had voted against the final resolution in the House of Commons, and then quoted the Toronto *Globe and Mail* as having said:

"The procedure by which it is now proposed to unite Canada violates the North America Act, the 1934 agreement between Britain and the Island, and ignores or at any rate treats as of no consequence the sovereignty of Newfoundland."

13. Sir Alan reviewed the legal grounds on which the appeal to the Privy Council was being taken. He said that he did not know whether these legal arguments were sound but they were seriously believed by the people bringing the appeal and they had a right to be heard before the matter was settled.

14. Sir Alan referred to the detailed procedure contained in the despatch to the Governor of Newfoundland on March 2nd, 1948[179] (which was made public at that time) and said that he personally had not been aware of the existence or contents of this despatch until March 1st, 1949, the day before the debate. Had he been consulted in March 1948 before the despatch was sent he would have said that the proposition of federation with Canada should not be on the referendum, firstly because it was not constitutional and secondly because it was not the sort of thing to put before the people in a referendum.

15. Sir Alan mentioned the small majority for Confederation in the second referendum and said that it was not a proper majority "whereby a Dominion surrenders its sovereignty."

16. He spoke of the bitterness felt by many people in Newfoundland against the way in which Confederation was being brought about. It was not too late, even now, to change the procedure. There could be a general election as early as this May in Newfoundland to elect a legislature, and a responsible Government

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[179]Voir la pièce jointe, document 550.

[179]See enclosure, Document 550.

of Newfoundland could then go to Ottawa and sign new terms of union — provided of course that the supporters of Confederation obtained a majority in the legislature.

"On the other hand, suppose that the Federationists do not win — I believe that the fear that that might happen is at the root of the Bill — and I should not be surprised. Then responsible government will win, and Newfoundland will show that she is capable of running herself for ever. So far as I know, her dollar situation is a damned sight better than ours. She has a secure market for her forest products and her fisheries. Labrador may become another Alaska, because it has the largest iron ore deposits in the world waiting to be exploited, and they will be a terrific thing. Whoever runs them, Labrador will be an old age pension for Newfoundland for a very long time. That is what I suggest. For the life of me, I cannot understand why even now the Government cannot say that this is the best way to do the business and why they cannot do the simple, honourable and constitutional thing."

17. The depth of Sir Alan Herbert's feelings on this subject was apparent from his closing words:

"I have done my best for these people, and I can do no more, but I do say this: if the policy of this Bill prevails, I for one shall not be sorry to go out from a Parliament which can so affront a proud, dignified, loyal white people, and the good name and honour of my own beloved country."

18. Speeches in support of Sir Alan Herbert's amendment were made by Sir Patrick Hannon (Cons.), Professor Savory (Ulster Unionist), Mr. Hopkins Morris (Liberal), Sir Thomas Moore (Cons.), Mr. W. J. Brown (Independent), Sir Waldron Smithers (Cons.) and Sir William Darling (Cons.).

19. A few Labour back-benchers and one Conservative made short speeches in support of the Bill.

Mr. Gordon-Walker

20. The debate was wound up by Mr. Gordon-Walker, Parliamentary Under-Secretary of State for Commonwealth Relations. Mr. Gordon-Walker reiterated the statement by Mr. Noel-Baker that the procedure set forth in Section 146 of the B.N.A. Act could not have been used even if there were a legislature in Newfoundland, because the Prime Minister of Canada has said that the procedure of Section 146 is not appropriate to the present constitutional position of Canada.

"Mr. St. Laurent, the Prime Minister of Canada, in the House of Commons is quoted in the Hansard of Canada for 8th February.[180] He made the position clear. He says the constitutional position has developed since 1867. The situation has changed. In 1867 it was accepted in the United Kingdom and Canada that His Majesty's — or rather Her Majesty's — prerogatives could be applied and used in Canada on the advice of the Privy Council here in London. Mr. St. Laurent says that since then there has been a constitutional development in which His Majesty's prerogatives in Canada are exercised on the advice of the

[180]Voir le document 862.

[180]See Document 862.

Canadian Ministers and it would therefore be improper for Canada to ask this House to operate under that Act under which the King's prerogatives would be used on the advice of the Privy Council in England."

21. Mr. Gordon-Walker then dealt with Mr. Stanley's two suggestions regarding the pending appeal to the Privy Council. The first suggestion was that the Government should consider postponing the date of Confederation. To this Mr. Gordon-Walker said that he could hold out no hope of that being possible.

"Dates have to be assumed when agreements are made. Such things as adjustments of Income Tax and other taxes have to be worked out and balanced. That can only be done if a date is assumed by the two sides. The Terms which are a Schedule to the Bill actually contain this date. They do not contain any provision for changing the dates. If at this point the date of bringing the confederation into operation were postponed, there would undoubtedly be chaos and bitterness in more than one country."

He promised to look into the possibility of expediting the disposition of the appeal by the Privy Council.

22. Mr. Gordon-Walker discussed also the argument that the majority for Confederation was too small and that a two-thirds majority should have been required for such a fundamental change in the status of Newfoundland. He said:

"It is better to accept the majority than the minority. Any tricks about a two-thirds majority mean, in fact, that we would be accepting the minority against the majority. Democratic organisations, and especially our sort of Parliamentary democracy, depend upon clear and simple majorities on clear and simple issues placed before the people. Whether the vote was sufficient for confederation was really a question for Canada to settle. Confederation was a treaty between Canada and Newfoundland, and Canada had to decide, among other things how big the minority in Newfoundland was.

For the United Kingdom, it was only necessary that there should be a majority for us to know what were the views of Newfoundland on this question, whether the people wanted confederation or some other system of government."

Finally Mr. Gordon-Walker said:

"There has been a certain tendency among some hon. Members to talk as if Newfoundland were being cast away and sold into slavery by confederating with Canada. I think the right way of looking at this is to regard it as an ampler and fuller life which is being opened out for Newfoundland in the Commonwealth. Newfoundland has decided between two sorts of self-government. It has decided to be a self-governing Province within the Confederation of Canada rather than to be a self-governing nation, and a very small one, in a dangerous and difficult world. It is not choosing between slavery and self-government, but between one sort of self-government and another, both of them within the Commonwealth."

The Vote

23. The Vote was on Sir Alan Herbert's amendment to the motion for Second Reading. The amendment was rejected (and Second Reading given) on division, 217 to 15.

24. The large vote does not mean that the debate was well attended. There were rarely more than 20 members in the House at any time during the debate; the others came in to record their vote on the division. The small attendance during the debate presumably showed that the vast majority of members were quite content with the proposed union and with the procedure followed.

DEBATE IN COMMITTEE OF THE WHOLE HOUSE, and ON THIRD READING IN THE HOUSE OF COMMONS, MARCH 9th.

Sir Alan Herbert

25. Sir Alan had put down several amendments to the Bill. The principal amendments called for the addition of the following clauses:

"It shall be lawful for His Majesty by any Letters Patent under the Great Seal of the Realm to revoke the Letters Patent dated the thirtieth day of January, nineteen hundred and thirty-four, issued under the provisions of the Newfoundland Act, 1933, and to terminate the suspension of the powers of the Letters Patent of the twenty-eighth day of March, eighteen hundred and seventy-six, and of the Letters Patent dated the seventeenth day of July, nineteen hundred and five, and to make such further provision as may be necessary

(i) to empower the Governor to summon forthwith the Legislative Council and House of Assembly of Newfoundland to resume their parliamentary duties, and

(ii) to restore responsible government to the people of Newfoundland.

If and when the Legislative Council and House of Assembly of Newfoundland shall consider and approve the said Agreement the same shall come into operation immediately and have the force of law notwithstanding anything in the British North America Acts, 1867 to 1946."

He explained his amendments in the following terms:

"Briefly, the suggestion is that this House shall accept — and indeed it accepted on the Second Reading — the principle and the terms of the Bill as they appear in the Schedule to the Bill, but because we do not know enough about them and because they have not been discussed with Newfoundland, they shall be sent to the Government of Newfoundland, according to the British North America Acts, and, when they have been discussed and approved by the Parliament of Newfoundland, they shall automatically have the force of law. The difference between that suggested procedure and the procedure suggested on Second Reading is that in that case there would be no more recourse to this Parliament, and we shall have an end of it."

Sir Hartley Shawcross

26. The Attorney General, Sir Hartley Shawcross, made a lengthy speech in which he discussed the legal and constitutional objections that had been raised to the procedure being followed. He said:

"There are said to be four ways in which we may be departing from the law or the spirit of the constitution in these matters. It is said, first, that Confederation with Canada can only be effected under Section 146 of the British North Amer-

ica Act, 1867; secondly, that what it is sought to do here involves an infringement of the Statute of Westminster, 1931; thirdly, that in view of the terms on which Responsible Government was suspended in Newfoundland in 1933, what is now being done, should only be done on a request from a Legislative Assembly in Newfoundland; and finally, it is said — this is a point which has given us some anxiety and which we have considered most carefully — that the present legislation should await the advice which may be tendered to His Majesty by the Judicial Committee of the Privy Council in an appeal from the Supreme Court of Newfoundland which is at present pending."

On the first point he said that it was perfectly clear that Section 146 of the B.N.A. Act was an enabling section. It could not be argued that the procedure for the admission of Newfoundland into Confederation set forth in Section 146 was the only and exclusive means by which union could be effected.

On the second and third points he said that Newfoundland had not adopted the operative parts of the Statute of Westminster. He then dealt with the conventional constitutional doctrines enshrined in the preamble to the Statute of Westminster. He agreed that the conventions set forth in the preamble did undoubtedly apply to Newfoundland when that Statute was enacted, and the most important convention was that no law could be passed by the U.K. Parliament to extend to any Dominion except at the request and with the consent of that Dominion. However, the Attorney General continued, something happened to the constitutional status of Newfoundland afterwards which made these conventional doctrines inapplicable to Newfoundland. What happened was, of course, that Newfoundland temporarily abdicated her position of equal sovereignty as a member of the Commonwealth. Newfoundland acquired the constitutional position of a colony, and there was no conventional doctrine restricting the right of the United Kingdom Parliament to legislate regarding a colony. The Newfoundland Act 1933 set forth two conditions for the restoration of responsible government, namely, solvency plus a request from the people of Newfoundland. The only way in which such a request could be made was by a popular vote, as there was no legislature in Newfoundland. "Even, therefore, if the constitutional convention had applied to Newfoundland and even if, contrary to the view I am submitting to the House as the better view, this Parliament had no right conventionally, as opposed to legally, to legislate for Newfoundland except at the request of the people of Newfoundland, the people have made the request in the only way open to them to make it in existing circumstances."

The Attorney General then came to the last point, i.e., that the action of the U.K. Parliament should await the decision of the Privy Council on the appeal now pending. He said that this is an argument to which the U.K. Government would wish to defer if it were at all possible, even if only out of high respect for the Privy Council. "But, it is not always possible for a sovereign Parliament to delay its legislative processes in case the supreme appeals tribunal should take a different view of the law from that which is at present laid down by decisions of the courts, which are binding statements of the law. Parliament, in proceeding with this Bill, is in fact proceeding on the basis of the law as at present ascertained and as laid down by the courts." The Attorney General agreed that, in

theory, one of the results of the forthcoming appeal might be a decision by the Privy Council that the Bill, i.e. the British North America Act 1949, was not effective in Newfoundland. This was a risk that had to be taken, although he did not think that it was a real risk. If such a decision should be made by the Privy Council, the U.K. Government, the Canadian Government and the Newfoundland Government would have to start all over again. He said that it was impossible under the rules of the Privy Council to arrange for the appeal to be disposed of before the end of March. He pointed out that, unless the Bill was passed into law before the end of March, the Canadian statute approving the terms of union would cease to be operative. This would lead to great confusion. If the Privy Council were to decide that the British North America Act 1949 was not effective in Newfoundland, the position would not really be much worse than if the enactment of this statute were now to be delayed. "We take the view, and events have shown us to be right, that the action brought in Newfoundland was a frivolous and vexatious action. We did not think it right that the action of a sovereign Parliament should be delayed or impeded by an action defined by the Supreme Court as a frivolous and vexatious action. If we allowed that to be done in every case — and I am putting this as a general proposition — if we allowed the possibility of a frivolous and vexatious action to delay and impede the work of a sovereign Parliament, the work of Parliament would never go forward at all."

27. In the course of his remarks about the pending appeal to the Privy Council, the Attorney General made the following interesting statement about the binding authority of the Statute of Westminster:

"The appeal contends that the United Kingdom legislation would not be binding in Newfoundland. That view is based on the view that the Statute of Westminster applies to Newfoundland. It is a view which I venture to think is completely misconceived; and even if it were correct that it did apply to Newfoundland the legal conclusions which the appellants seek to establish from that fact may be completely erroneous. No Government and no Parliament in the United Kingdom would dream for a moment of seeking to override the provisions of the Statute of Westminster in any independent Commonwealth country to which the Statute applied. That is one of the cases where convention, rather than the strict law of the Constitution, would effectively constrain the action of our legislature. But it is a very different thing to say that the Privy Council, or any other court in this country, could pass upon such legislation if in fact it did take place."

Sir Alan Herbert

28. Sir Alan did not enter into a discussion of the legal points. He said:

"Suppose the Attorney General to be quite right legally; what is the actual situation we have now? Here, in the House of Commons, we are discussing the affairs and the future of Newfoundland, and the terms of the Bill. Tomorrow in the House of Lords there will be more Parliamentary discussion of the Bill and the terms. For 16 days in the Parliament of Canada these terms of union were discussed. There is nothing to stop the Federal Parliament in Australia or the State Parliaments from discussing in an airy way tomorrow this great union between Canada and Newfoundland and saying: 'These terms seem to be very

favourable and fair.' In New Zealand and South Africa they can do the same, in the cold air of Hobart or the hot sun of Queensland. They all have Parliaments. There is only one place in the whole Commonwealth where there can be no Parliamentary discussion of these terms, and that is in the Dominion of Newfoundland. Let us sweep away all the legal arguments and the quibbles; that does not seem to be a democratic thing which can be adjusted to our ideas of law or of fact in this Empire. Therefore, if I only have one man with me I am going to ask the House of Commons to divide with me in favour of this Amendment."

Mr. Noel-Baker:

29. The brief debate in the Committee stage was concluded by the Secretary of State for Commonwealth Relations. He quoted with great effect from a speech made by Sir Alan Herbert on December 16th, 1943, in which the latter urged that the future of Newfoundland should be settled by plebiscite. In particular Sir Alan Herbert had said on that occasion:

"We should announce, I suggested, that, say, two or three years after the war, or from now if you like, we intended to restore full self-government to Newfoundland unless by a plebiscite one year before that they had chosen some other form of Government."

Mr. Noel-Baker contended that the procedure followed by the United Kingdom Government was in fact the procedure suggested by Sir Alan Herbert. The latter interrupted to say that there had been nothing in his 1943 speech about the possibility of confederation with Canada.

The Vote

30. The vote was on Sir Alan Herbert's proposed amendments to Clause 1 of the Bill, i.e. on Sir Alan's new clauses. The amendments were rejected by a vote of 241 to 12. Once again the large vote does not indicate a large attendance at the debate. In fact only a handful of members were present during the debate: the others came in to record their vote in the division.

31. The remaining clauses of the Bill and the Schedule (the Terms of Union) were then approved in Committee without discussion. It will be recalled that some months ago the Commonwealth Relations Office was worried about the possibility that, if the Terms of Union came before the House of Commons in London as an annex to a Bill, it might lead to detailed discussion of individual terms. That fortunately did not happen. Sir Alan Herbert and his supporters concentrated all their energies on what they regarded as the improper procedure being followed in presenting the Bill and made no effort at any time to discuss the merits of all or any of the Terms of Union.

Third Reading, March 9th

32. Third Reading was given without a division but not before Sir Alan Herbert and three of his supporters had reiterated their objections. Professor Savory (Ulster Unionist) prophesied "that an attempt will be made to use this Bill for forcing Ulster into a union with Eire," but was prevented by the Speaker from continuing on this theme.

SECOND READING DEBATE IN HOUSE OF LORDS, MARCH 15th

Lord Ammon (Labour)

33. Lord Ammon, a junior member of the Government, moved the Second Reading of the Bill on behalf of Lord Addison, the Government Leader in the House of Lords. Lord Ammon outlined the background of the Bill and dealt with some of the legal objections to it. Naturally he was merely restating what had been said in the House of Commons by the Government spokesmen.

34. Like them, he referred with approval to the statement by the Prime Minister of Canada that the procedure set forth in Section 146 of the B.N.A. Act is no longer appropriate to the constitutional position of Canada, even if it were legally possible at present to use Section 146.

"It has also been suggested that we had no right to proceed other than by the British North America Act of 1867 or, alternatively, that we could not proceed at all with arrangements for confederation since that Act, under Section 146, provided that Union could be brought about under an Order in Council only as the result of an Address from the now non-existent Houses of Legislature of Newfoundland. But, as the Attorney General said in another place on March 9, there is no real substance in this argument. In any case, Mr. St. Laurent has pointed out in the Canadian House of Commons that the procedure by way of Order in Council, provided for under the 1867 Act, is not appropriate to the present constitutional position of Canada, since the King, in respect of Canada, now exercises his Prerogative not on the advice of his Ministers in the United Kingdom but only on the advice of his Ministers in Canada. Quite apart from the fact that Section 146 of the 1867 Act was, in a sense, an enabling section, that is a view to which we here must obviously defer."

Viscount Simon (National Liberal)

35. As I reported by telegram[†] immediately after the debate, the most impressive speech in favour of the Bill was made by Lord Simon. The main part of his speech was a detailed analysis of the legal criticisms that have been levelled against the enactment of the Bill. He gave the same answers as had been given in the House of Commons by the Attorney General but did so in an even more brilliant manner. When he was finished speaking, I am sure that none of the Lords present, with the possible exception of Lord Sempill, had any misgivings about the legal propriety of the Bill. Lord Simon was even more definite than the Attorney General had been about the merits of the appeal now pending to the Privy Council. Lord Simon made it very clear that there was no possible basis for this legal action and that there was not the slightest chance of the appeal succeeding. As Lord Simon was (as Sir John Simon) counsel for Newfoundland in the Privy Council case which awarded Labrador to Newfoundland, it may be that his strong legal opinions on the present Bill may carry special weight with people in Newfoundland.

36. After dealing with the legal questions, Lord Simon went on to discuss the Bill in terms of sentiment. He said, in part:

"The Fathers of the Canadian Confederation met in Quebec in 1866. All that Confederation consisted of then was a small portion of what we now call Canada

— Quebec, Ontario, New Brunswick, Nova Scotia: that was all. But the Fathers of Confederation had a vision, and their vision was that one day in the future the whole of British North America, from the Atlantic to the Pacific, would be included in allegiance to the Crown in a single great Federation. That vision was embodied in Section 146 of the Act of 1867. They cherished the idea that one day the whole of British North America would be included in the Dominion. British Columbia has come in, and Alberta, Manitoba and Saskatchewan, and Prince Edward Isle. At this moment there are nine Provinces in Canada. This Bill is going to make the tenth; it will complete the consummation of the vision which those early Fathers of Canada had in their minds and expressed in the Statute so long ago.

I would add this final word to our good friends in Newfoundland — a place that throughout the ages has supplied some of the best sailors to the British Navy, which has stood for this country through thick and thin, and whose people thus deserve the best we can do for them. I would say to them: Do not be deluded into supposing that you are losing your rights. You are going to be a Province of Canada — and some of us who have practised at the Bar know well what are the rights of a Province of Canada.

Section 92, of the British North America Act, contains a list of the powers which the Legislature of a Province of Canada has the exclusive right to exercise. And the executive powers correspond. At the same time, Newfoundland also comes under the wing of the Canadian Dominion and contributes to the legislature at Ottawa. Therefore, I cannot doubt, however sore feelings in some quarters may be at the moment, that the time will come when those who at present feel anxious will recognise that by this Bill a great benefit is being conferred on their children, and on their children's children."

Lord Sempill

37. Lord Sempill moved the following amendment to the motion for Second Reading:

"This House, without prejudice to the merits of the proposed union of the Dominion of Canada and Newfoundland, declines to give a second reading to a Bill for which the electors of Newfoundland have not expressed such a democratic demand as would warrant an irrevocable change in their constitutional status, which arises from the unilateral action of His Majesty's Government in including in referenda held in Newfoundland in 1948 the question of union with Canada after its decisive rejection by the elected representatives of the people of the island sitting in National Convention, which is based on terms of union which have not been discussed and agreed by the people of Newfoundland or their democratic representatives, which violates the solemn pledge of His Majesty's Government that self-government should be restored to Newfoundland as soon as it was economically self-supporting, and the constitutional legality of which is at present the subject of appeal to the Judicial Committee of the Privy Council."

He dealt with the question of whether there had been a "request" from the people of Newfoundland for the restoration of self-government. He said that the first opportunity of making such a request was in the National Convention and that it was clear from the vote in that Convention that the majority desire a return to

self-government. Furthermore, on the first referendum, a "relative majority" of votes was obtained for the restoration of responsible government.

38. He quoted the statement by the then Prime Minister of Canada (Mr. Mackenzie King) that "the people of Newfoundland should indicate clearly and beyond all possibility of misunderstanding their will that Newfoundland should become a part of Canada." Lord Sempill did not think that the slender majority on the second referendum was an expression "beyond all possibility of misunderstanding."

39. Lord Sempill quoted the Prime Minister of Newfoundland in 1934 as having said that the Government of Newfoundland trusted implicitly in the honourable intentions of the U.K. Government and was confident that responsible government would be restored when Newfoundland was again on a self-supporting basis. That was the understanding that the people of Newfoundland had in 1934, and the present Bill was a betrayal of that understanding.

Lord Rennell (Liberal)

40. Lord Rennell said that Viscount Simon's speech had removed any lingering doubts on the legal aspects of the case.

41. Lord Rennell emphasized the fact that the legal criticisms of the procedure being followed were not started until after the verdict of the referendum had proved contrary to the expectations of the people who wanted a return to responsible government.

"It does seem to me significant, as a layman, however, that a case was started in court by certain gentlemen in Newfoundland only when the verdict of the plebiscite proved to be contrary to their expectation. They then — but only then — appear to have alleged that the procedure was illegal and improper. If the procedure was improper and illegal, it was equally improper and illegal whatever the verdict of the plebiscite. To a layman, that fact alone, I suggest, must damn the case."

42. Lord Rennell asked why it was necessary for the Terms of Union to be made a Schedule to the Bill. He asked if this would mean that yet a further bill in the U.K. Parliament would be required if it were later desired to alter the Terms of Union.

Viscount Swinton (Conservative)

43. Lord Swinton spoke for the Conservative Party. He said that Lord Simon's speech had made it absolutely plain that the method being followed "in no way runs counter either to the letter or the spirit of the constitution."

44. Lord Swinton said that the Terms of Union annexed to the Bill were much more favourable to Newfoundland than the terms on which the referendum took place.

45. He thought that the majority of the people of Newfoundland had made a very wise decision in their own interests in voting for Confederation. He concluded by saying:

"I would point out that it is just as misleading to talk about the people of Newfoundland sacrificing their freedom as it is to talk about them being 'dragooned.' They do not sacrifice their freedom by becoming a full province of the

great Dominion of Canada. When the noble Lord next crosses the Atlantic, let him go to the people of any of the provinces of Canada — people who are extremely jealous of their provincial rights — and ask them whether they think they are not free people. So far from giving up their freedom, the people of Newfoundland, under this Act, will find their freedom anew as one of the great historical provinces of Canada, and will be fortified financially and in every other way by their place in that great Dominion."

Viscount Addison (Labour)

46. Lord Addison, Government Leader in the House of Lords, rejected indignantly the statement by Lord Sempill that the people of Newfoundland had been "squared" or "dragooned."

47. In answer to Lord Rennell he said that, under the present legal position, it would require a further act of the Parliament of the United Kingdom to alter the Terms of Union annexed to the bill.

48. Lord Addison also referred to the fact that the Terms of Union annexed to the Bill were more favourable than those on which the referendum had been based. He concluded with these words:

"The noble Lord, Lord Sempill, talked about Newfoundlanders' being deprived of their independence. He put it very strongly. But I should like to hear, for instance, what the free people of Ontario would have to say to anybody who suggested that by being a Province of Canada they have been deprived of their independence. He would find their answer was more forceful than Parliamentary. No, my Lords, it is just plain nonsense. The people of Newfoundland will enjoy a greater and a wider freedom. They will be able to get their needs dealt with by a great Federation, which will be more able to meet their social necessities than by themselves they are now able to do as a small part of the North American Continent. Seeing how the world is moving, and seeing how things are developing, they will be able, by joining up with Canada as a Province of that confederation, to share more of the benefits which come from large-scale co-operation and from association with greater wealth. But apart from that, I would like to say this: that as the world is moving to-day, we can see that people are everywhere joining together in greater associations, and we must take a longer view. There can be no question that Newfoundland as a part of the great Confederation of Canada, as it is and as it will be, will be immensely stronger and much better able to reap the benefits and the rights of freedom than she would be if her people remained as a small isolated community."

Lord Sempill

49. Lord Sempill then asked leave to withdraw his amendment, although he did not withdraw any of his views. He quoted Mr. Drew as having said in the House of Commons, in Ottawa, that the affair had "the taste of an unholy deal." He said:

"I should like to ask whether an arrangement was ever come to, as between Britain and Canada, when the question of naval and air bases was under discussion during the war, which has resulted in Newfoundland's sovereignty over her own territory being given away without her consent."

Lord Addison said he had had no notice of this question and he thought that Lord Swinton might be in a better position to answer as the latter was in the Cabinet at the time. Lord Swinton then said:

"I was not directly concerned with this, but it is an absolute certainty that nothing which was done with regard to the provision of the bases, or the common use of bases, did anything at all which prevented us from giving to the people of Newfoundland the absolute and unfettered right to decide what their own future should be. Indeed, had it not been so, we should not have offered to the people of Newfoundland, as His Majesty's Government have done, the absolutely free choice as to what their future should be."

50. Lord Sempill's amendment was withdrawn. The motion for Second Reading was adopted without a division.

COMMITTEE STAGE AND THIRD READING, HOUSE OF LORDS, MARCH 22nd

51. There was no debate in the Committee stage. On Third Reading the only speeches were brief remarks by Lord Addison (for the Government), Lord Swinton (Conservative), and Lord Reading (Liberal). Lord Addison said:

"This Bill marks the fact that by their own wish, and with the good will of others, the citizens of Newfoundland wish to join with the other Provinces of this great Federation, with all the rights of a great Province. It is, I think, a far-seeing and wise decision that will fortify the strength of Newfoundland, that will extend the bounds of benefit and opportunity for all its citizens, and that will assure the liberties that are enshrined in this Bill for the people in Newfoundland in a wider and stronger association."

Lord Swinton and Lord Reading spoke on the same theme.

ROYAL ASSENT, MARCH 23rd

52. The Royal Assent to the Bill was given on March 23rd. The Royal Assent was notified to the Houses of Parliament by a Royal Commission consisting of the Lord Chancellor, the Earl of Lucan and Lord Clydesmuir. Even if the King had not been ill, the usual practice is for the Royal Assent to be signified in a Commission under the Great Seal and to be notified to the Houses of Parliament by the Commissioners named therein. By a happy coincidence, Lord Lucan is the father-in-law of the Governor General of Canada.

I have etc.

L. D. WILGRESS

896. 10300-D-40

Extraits d'une lettre de l'assistant parlementaire du Premier ministre au ministre de la Santé nationale et du Bien-être social[181]

Extracts from Letter from Parliamentary Assistant to the Prime Minister to Minister of National Health and Welfare[181]

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[181] Des lettres semblables furent envoyées aux ministres dont les ministères avaient des représentants à Terre-Neuve.

[181] Similar letters were sent to the Ministers whose departments had representatives in Newfoundland.

Ottawa, March 25, 1949

Sir,

For the purpose of acquainting the people of Newfoundland with the Services of the various departments of the Federal Government the Prime Minister has approved of a series of advertisements to appear in Newfoundland publications as soon as possible after the date of Union. It is intended that the series will be educational, informative and factual.

Arrangements are being made accordingly to begin such an advertising program on or about April 11, 1949 on the following basis:

(1) A series of sixteen 1/4 page advertisements dealing separately with each department will be published in the daily press, starting on or about April 11 and running consecutively on each day of publication thereafter until the series has been completed. These advertisements will appear alphabetically.

(2) A series of full-page advertisements, grouping a number of departments in each, will be published in the weekly press for three consecutive weeks.

(3) Another advertisement using four full pages and incorporating all departments will be published in one issue of each of the Newfoundland magazines.

. . .

You will be interested to know, I believe, that a full-page advertisement will appear in all Newfoundland publications following union, in which a welcome will be extended to the Newfoundland people by the Canadian Government on behalf of the people of Canada.

Yours very truly,

W. E. Harris

897. C.D.H./Vol. 59

Le sénateur A. N. McLean au ministre du Commerce

Senator A. N. McLean to Minister of Trade and Commerce

Personal and Confidential Ottawa, March 28, 1949

My dear Minister,

A few weeks ago when we were talking, the name of J. B. McEvoy, K.C., was mentioned in connection with Newfoundland affairs. I find Mr. McEvoy was not a part of the Confederate organization which covers the Island, and is not very popular with the latter on account of an interview he had published in the heat of the campaign, which the Confederate leaders claim damaged their cause considerably. I quote part of Mr. McEvoy's interview as published in the *Evening Telegram*, February 9, 1948.

St. John's, Nfld.

"If the office of Commonwealth Relations decides that Confederation is to go on the referendum ballot paper, it should go on only in principle, and not on the basis of the present terms which are *unnegotiated*.

"The present terms of Confederation were received by a delegation hampered by their lack of power and the people should not be asked to make an irrevocable decision on the unnegotiated terms which this delegation received. Before the people are asked to make a decision for or against union with Canada the terms must be negotiated between governments. In other words, before the people are asked to make a decision a Responsible Government must be elected in Newfoundland and negotiate terms with the Government of Canada."

He was asked by the Confederate leaders to withdraw this statement, but failed to do so.[182]

The Confederate leaders took strong objection to Mr. McEvoy's statements for two reasons. First — for Mr. McEvoy to say the terms were unnegotiated was entirely unfair to men like Mr. Bradley, Smallwood and others who had come to Ottawa in 1947 and negotiated for months with members of the Federal Cabinet until a basis was arrived at for Confederation. Secondly, the Confederate leaders felt, with good reason, that if Responsible Government was set up first, matters would be dragged along for years before Confederation could be arrived at — and possibly not at all in our time.

I know what a hard battle the Confederates had, but they won a real democratic victory. Responsible Government was defeated twice. I thought I had best put these facts before you, so you will know Mr. McEvoy's status with the Confederates. They grant him the right to his opinions but they feel he was little or no help to them when they needed help sorely during the campaign, while on the other hand they know his statements at such a critical time did their cause considerable harm.

Very sincerely,

A. N. McLEAN

898. C.D.H./Vol. 59

Le ministre du Commerce au sénateur A. N. McLean

Minister of Trade and Commerce to Senator A. N. McLean

PERSONAL AND CONFIDENTIAL Ottawa, March 29, 1949

Dear Neil [McLean],

Thanks for yours of March 28th. I am well aware that leaders of the Confederate Party have not much use for J. B. McEvoy, K.C. At the same time, you will agree that the Confederates turned to him to head the assembly after Bradley resigned.

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[182]Voir le document 521 et le document 1 de l'appendice E.

[182]See Document 521 and Document 1 of Appendix E.

In my opinion, McEvoy is a good man to have close to this Government. He has ability and prestige. I would like to keep him in the Liberal camp if at all possible.

This does not mean that McEvoy is in line for any particular political preferment, as far as I know.

Yours sincerely,

[C. D. Howe]

899. 10300-D-40

Le haut commissaire par intérim à Terre-Neuve à l'administrateur de Terre-Neuve

Acting High Commissioner in Newfoundland to Administrator of Newfoundland

No. 5 St. John's, March 31, 1949

Sir,

I have the honour to inform you that the Offices of the High Commissioner for Canada will officially close on the night of March 31.

Beginning April 1, the Commercial Secretary, who will continue to represent the Department of Trade and Commerce, will have the title of "Regional Representative, Department of Trade and Commerce." His office will also handle general enquiries at present dealt with by the High Commissioner's Office.

Suitable arrangements have been made to continue as long as may be necessary the work of other officials who have been attached to this office to deal with special matters affecting business and trade.

I wish to express to you, both on behalf of the High Commissioner and on my own behalf, my sincere gratitude for your many courtesies to us.

Accept etc.

P. A. Bridle

900. 2828-40

L'administrateur de Terre-Neuve au haut commissaire par intérim à Terre-Neuve

Administrator of Newfoundland to Acting High Commissioner in Newfoundland

St. John's, March 31, 1949

Sir,

I have the honour to acknowledge receipt of your letter No. 5 of today's date in which you inform me that the office of the High Commissioner in Canada will officially close at midnight tonight and indicating the establishment which will be maintained in the immediate future.

I wish to thank you for your kind expressions in reference to me and to say that my relations with you and your predecessors in office and with the staff of the High Commissioner's office in St. John's have been always of the highest and that I have enjoyed both the official and personal relations which have existed between us.

Accept etc.

L. E. EMERSON

901. 2828-40

Bureaux du Gouvernement du Canada à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Canadian Government Offices in Newfoundland to Secretary of State for External Affairs

TELETYPE 288 St. John's, April 4, 1949

Following for MacKay from Bridle, Begins: My immediately preceding telegram.[183]

1. The new Premier of the Province of Newfoundland, The Honourable J. R. Smallwood, has made three public statements since he was sworn in to his new office.

2. The first was in a press interview shortly after he was sworn in on April the 1st. In this interview Mr. Smallwood is reported to have made the following statements among others in response to questions. It is his intention to seek a mandate from the people as soon as possible and a general election will be held before the Newfoundland fishermen go to the Labrador this summer — probably during the first week in June. It is his hope to see the first elected Government take office on June 24th, Discovery Day. His present Cabinet is not complete and more names are to be added. It has been and is his intention to make his Cabinet representative of the various geographical and ideological interests of the Island. Asked if he is leader of the Liberal Party in Newfoundland, he is reported to have replied that he knows of no Liberal Party in Newfoundland at the present time, but that there will be a convention of Liberals and that he hopes to be elected their leader. He is reported as saying that a Federal Tax Agreement for Newfoundland is inevitable. He is reported to have said that the Interim Government would operate on the basis of the estimates prepared by the Commission of Government, with a little in reserve to take care of contingencies. The estimates, incidentally, have not yet been published.

3. Mr. Smallwood's second public statement was on CBC News Round-Up on the evening of April 1st. You may have heard this broadcast, of which I was prevented from hearing more than part. I understand that Mr. Smallwood voiced an expression of the deep sense of honour he feels in being the first Premier of Newfoundland in fourteen years and in being able to follow in the footsteps of a long line of distinguished Newfoundland Prime Ministers, some of whom he

[183]Document 938.

named. I understand that he gave a brief statement about the members of his Cabinet and the status of his Government.

4. The third public statement made by Mr. Smallwood was the radio address on the night of April 2nd, of which I have already told you briefly. In this broadcast Mr. Smallwood spoke in quiet, calm tones which contrasted with the aggressive fighting delivery which he sometimes used during the Referendum campaign. The main points made by Mr. Smallwood in the address were to define clearly the status and functions of his Government, to emphasize the overriding interest of his Government in the welfare of what he called "the toiling masses," and to appeal to all Newfoundlanders, whatever their feelings about confederation may have been, to unite in working together for the general good of Newfoundland. After thanking "the many, many hundreds" who had sent him telegrams of congratulation and after expressing his deep sense of the honour his new position has conferred upon him, he expressed his Government's anxiety to seek a mandate from the people in an election at the earliest possible date. He explained that his Cabinet is merely carrying on the King's Government in the meantime, that it cannot pass or amend laws and that it can only spend the money which the Commission of Government has voted and in the manner indicated by it. He said that it was only right and proper that the Commission of Government should simply have voted money to cover ordinary expenditures and that, since many plans which his Government has for the welfare of the people will therefore have to wait, he does not wish his Government to be judged in matters of policy on its performance during the interim period.

5. In briefly introducing the members of his Government to his radio audience, Mr. Smallwood stressed that they are an average group of Newfoundlanders who are determined to discharge their duties faithfully and, while respecting minorities, to do the utmost to promote the welfare of the mass of the people. Mr. Smallwood frequently introduced this latter note in the course of his fifteen-minute address.

6. Mr. Smallwood also urged Newfoundlanders not to continue to fight the referendum issue, but, accepting the fact that confederation is a fact whether they were opposed to it or not, to band together to work for the good of all Newfoundlanders and to take advantage of the unparallelled opportunity which he feels confederation has given them to carve out a far better future than would otherwise have been possible. He applauded the attitude of large numbers of Newfoundlanders who had been opposed to confederation but who, he says, have now evinced a desire to make it work. Mr. Smallwood said that he himself had no grudges and no prejudices at the present time, and that he prays for God's guidance to help him to give Newfoundlanders a healthier and a happier land than they ever had before. Ends.

902. 10302-40

Bureaux du gouvernement du Canada à Terre-Neuve
au secrétaire d'État aux Affaires extérieures
Canadian Government Offices in Newfoundland
to Secretary of State for External Affairs

TELETYPE 293 St. John's, April 4, 1949

Following for MacKay from Bridle, Begins: My immediately preceding telegram.[184]

On the administrative level, the change-over seems to have taken place very smoothly on the whole. The question of enriched flour to which I referred in my telegram No. 269 of March 30th† and earlier messages has not yet received any public attention but may perhaps cause difficulties if some satisfactory method of regulating the sale of flour cannot quickly be devised. The reaction to the new schedule of freight rates has not been entirely favourable. I am told that the rates on flour are regarded as too high compared with the rates in the Maritime Provinces and that the same complaint is likely to arise in connection with the rates on materials transported by the pulp and paper industry. As you will have seen from my telegram No. 284 of April 2nd,† there was evidently some mix-up at Sydney regarding the examination of TCA passengers from Newfoundland on April 1st. This, however, has not given rise to any comment here as yet and the matter will no doubt be straightened out without delay. The *Daily News* remarked editorially on April 1st on the reported action of Customs officials clearing goods out of bonded warehouses in charging the sales tax on goods on which the sales tax had already been charged in Canada. The regional representative of the Department of Trade and Commerce tells me that Mr. Gordon Howell is taking this matter up with Mr. David Sim.[185] Certain minor difficulties have come to my attention. For example, I am told that a somewhat awkward situation has arisen with respect to excise stamps required for title deeds and similar documents. Evidently the supply of these stamps has run out and some sort of *ad hoc* arrangement will have to be devised until a new issue can be run off.

On the basis of such information as I have so far, however, it is evident that the administrative change-over has taken place, as we hoped it would, smoothly and with a minimum of dislocation. The same Secretaries of Government Departments continue to administer these Departments and the normal public services continue to be performed in the same manner as prior to union. The general effect, therefore, apart from the impact of Confederation on individuals or on particular organizations, is one of smooth transition into a state of affairs which, at least on the surface does not appear greatly different from that which existed before April 1st.

In recent weeks I have heard a number of people make complimentary remarks about the very helpful manner in which Canadian officials attached to this Office have addressed themselves to the problem of informing and advising Newfoundland businessmen and others on the new conditions which now prevail. Undoubtedly in the months ahead many matters requiring adjustment will arise. Many of these will, of course, be the concern of various Federal Government

[184]Document 1084.

[185]Sous-ministre du Revenu national (douanes et accise). Gordon Howell était le secrétaire aux Douanes de Terre-Neuve.

[185]Deputy Minister of National Revenue (Customs and Excise). Gordon Howell was the Secretary for Customs of Newfoundland.

offices located here. It is my hope that the Departments administering these offices will desire to be kept informed by their local representatives of any special situations requiring consideration or adjustment which may arise and that they will be prepared to give sympathetic attention to such information. I do not mean to suggest that the Newfoundland importer or businessman should be given any special treatment apart from what has already been provided in the terms or the statements on question raised. That which I have in mind is that the actual putting into practice of new regulations in this fresh territory will inevitably turn up problems which could not altogether be foreseen. Lacking any co-ordinating head here, as existed when the High Commissioner was in office, it will devolve upon the separate Departments to work these matters out. They have already made a very good start launching Newfoundland business into the new era and it will be of considerable importance to the relations between the people of the new Province and the rest of Canada that the preparatory work should be implemented in actual practice. I hope therefore that the individual Departments will view their work in Newfoundland during the transitional period as being significant not only to their own Departments but also to the relations generally between the new Province and the rest of Canada.

I would like to mention one other aspect of this matter. The Regional Representative of the Department of Trade and Commerce feels, and I agree with him, that it would be a mistake to withdraw too quickly the services of the several experts who have been advising the trade here. I understand that Mr. Kealey of the Excise Division of the Department of National Revenue will continue for some time to be attached to the office of the Administrative Officer, Department of National Revenue (Customs and Excise), but that Mr. D. W. McGill, who is at present attached to the same office, will be returning to Canada shortly. I believe Mr. Gordon Howell is requesting Mr. David Sim to send a replacement for Mr. McGill. Mr. Campbell Smith also tells me that Mr. Ensom of the Emergency Import Control Division of the Department of Finance is planning to return to Ottawa before very long. Mr. Campbell Smith hopes that he will find it possible to remain a little longer and also that the Department of Trade and Commerce may be able to send Mr. McDermott back for a period of three weeks or so not only to advise the trade here but also to do some further work in Corner Brook which I understand the trade out there would very much appreciate. I mention these matters to you not officially but for your personal information in order that you may have a full appreciation of the situation here as it appears to Mr. Campbell Smith and myself. Ends.

903. 10300-D-40

Bureaux du gouvernement du Canada à Terre-Neuve
au secrétaire d'État aux Affaires extérieures

Canadian Government Offices in Newfoundland
to Secretary of State for External Affairs

TELETYPE 297 St. John's, April 5, 1949

Following for MacKay from Bridle, Begins: My telegram No. 292 of April 5th[186] regarding the confederation ceremony.

Following is the text of an article which appeared in the column entitled "The Woman's Angle" written by the editor of the Woman's Page of the St. John's *Evening Telegram* on April 4th:

"A True Welcome

Quietly, yet in so dignified a way that must have won the most hardened doubters, we were welcomed this past weekend to the big family of Canadian Provinces.

It was a welcome that was warm and friendly. The ordinary people leaned across the Cabot Strait to shake our hands and show their genuine pleasure with a smile. Politics and economics were factors that were for the moment forgotten. We were gathered to the bosom of the mainland and our old friends became our brothers and sisters.

The ceremonies were short but simple and dignified. Who could resist the appeal of the 'Squid Jigging Ground' as it rang out over the airwaves from the bells of the Peace Tower in Ottawa? Who could deny the moving arrangements of our beloved folk music, so beautifully presented over CBN and all other Canadian network stations, by the renowned Lesley Bell Singers and Howard Cable's orchestra in the 'Welcome to Newfoundland' programmes?

These were the small touches that add so much to many of the moving and dignified moments in our lives.

The messages from churches and civic authorities, schools and business establishments Government officials and His Majesty, all spoke of the true feeling that comes when two peoples, previously united in spirit, are legally joined together.

It was a welcome that we, personally, feel did a lot to give many of us a brighter outlook for the future. It was a true Newfoundland welcome. No greater compliment can be paid." Ends.

904. 10302-40

Bureaux du gouvernement du Canada à Terre-Neuve
au secrétaire d'État aux Affaires extérieures

Canadian Government Offices in Newfoundland
to Secretary of State for External Affairs

TELETYPE 307 St. John's, April 7, 1949

Following for MacKay from Bridle, Begins: The following is the text of an article entitled "How is the Change-over?" by Rupert Jackson which appeared in the *Evening Telegram* April 6th:

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[186]Document 1034.

"By tomorrow midnight Newfoundland will have completed her first week as the tenth Province of Canada. How are things working out?

It's a little too early yet to get anything like a full picture of the change-over, but right now everything seems to be working smoothly enough. There are still some rough spots which have to be worked out, but these shouldn't be too difficult.

The Interim Administration seems to have settled into its new job fairly easily. All appointed Ministers have been given their portfolios and have now taken over offices in various Departments, most of them going to offices vacated by retiring Commissioners.

Same Offices

In doing this it has been noticed that the new Ministers have filled offices which were in existence before the Commission of Government went out of office. No new Departments have been created. This is because the Interim Administration has no power to change the present Government set-up. Present Departments must remain until the Government has been given a mandate from the people.

Because of this, what would normally be the Provincial Treasurer in any other Province is still Minister of Finance in Newfoundland. To make room for all Cabinet members the Department of Home Affairs and Education has been divided into two Departments, one handling home affairs and one handling education. Similarly, the Department of Public Health and Welfare has been split two ways.

Once the first Provincial election is over we can look for a shuffle of Departments in line with commonly accepted practice in other Provinces.

Temporary Estimates

The temporary Cabinet had only been in office two days when the provisional budget was announced by the Department of Finance and this part of the change-over would seem to be smooth enough despite contrary predictions.

Estimating a surplus on the first year of Provincial operations of some $12 millions, the budget nevertheless points out that $17 millions of revenue is non-recurrent. But as this is only a temporary budget for the guidance of the Provisional Government, when new estimates are drawn up by the first elected Government, some of this non-recurrent revenue may be taken up during the following year by other Provincial levies. It has been reported that this will take the form of a Provincial sales tax, a levy which is already in existence in most of the other nine Provinces.

Rough Spots

While things seem to be going smoothly on the Provincial administrative side on the Federal side things are not so easy. There are still some rough spots to be ironed out.

For example, freight rates are by no means clear. Neither the importers nor the steamship men seem to know definitely just what is happening in this connection, and the railway itself is none too sure of the matter. With the Board of Trade in the dark, this reporter is not even going to attempt to analyze the problem. But it should become clear within a week or so.

Another rough spot which is being ironed out is the recent hangup in the Customs Department caused by so many importers all trying to get their goods out of bonded warehouses at the same time, thus causing hectic moments and furrowed brows in the customs long room. Mr. Gordon Howell, of the Department, tells us that this matter will be fixed up by the weekend.

It is, of course, much too early to judge just what the effect of union will be, but it would seem that the change-over will soon be running smoothly enough." Ends.

905. 2828-40

Bureaux du gouvernement du Canada à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Canadian Government Offices in Newfoundland to Secretary of State for External Affairs

TELEGRAM 325 St. John's, April 9, 1949

Following for MacKay from Bridle, Begins: It is reported in today's *Daily News* that Harry G. R. Mews was last night "chosen leader of the Provincial Progressive Conservative Party at a meeting attended by a large number of citizens representative of all classes and opinions and including visitors from several out-of-town districts." Ends.

906. 2828-40

Bureaux du gouvernement du Canada à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Canadian Government Offices in Newfoundland to Secretary of State for External Affairs

TELETYPE R. 48 St. John's, April 14, 1949

Following for MacKay from Bridle, Begins: My teletypes Nos. R. 45 of April 13th and R. 47 of April 14th,[†] visit of the Honourable George Drew.

The following is part of an item which appears in this morning's *Daily News:*

"Colonel George Drew, K.C., M.P., Leader of His Majesty's Loyal Opposition in the Canadian House of Commons and Leader of the Progressive Conservative Party, will be arriving in Newfoundland Monday night, it has been announced at local headquarters of the Progressive Conservative Party.

It is expected Colonel Drew will be arriving at Torbay airport about 9.20 o'clock Monday night where he will be met by Harry Mews, Newfoundland Provincial Leader of the Progressive Conservative Party. The Colonel will be accompanied by several members of his party as well as a large group of newspaper men. While here he will be registered at the Newfoundland Hotel.

The complete itinerary of the Colonel during his stay here has yet to be arranged. However, it is known, on Tuesday he will make official visits to civic and

Federal buildings in the city. At night a public reception will be held for him and he will address a public meeting in the C.L.B. Armoury. This will commence at 8.30 o'clock.

Wednesday the Progressive Conservative Party Leader will visit some of the outlying districts. He will be returning to the mainland by plane Thursday next."

With reference to the second paragraph of the above item, the Manager of the Newfoundland Hotel informs me that he has not been asked to provide accommodation for any members of Colonel Drew's party except a private secretary. It is his intention to accommodate the latter in Mr. Drew's suite, which contains a double bedroom.

You will note that it is stated in the above item that Mr. Drew will make official visits to Federal buildings in the city. Ends.

907. 2828-40

Le haut commissaire adjoint de Grande-Bretagne au chef, la direction du Commonwealth britannique

Deputy High Commissioner of Great Britain to Head, British Commonwealth Division

Ottawa, May 31, 1949

Dear Mr. MacKay,

NEWFOUNDLAND

In case you have not already heard, you may like to know that the appeal by certain persons in Newfoundland to the Judicial Committee of the Privy Council in connection with the confederation issue has been withdrawn.

A letter to this effect was sent from the Privy Council Office to the Registrar of the Supreme Court of Newfoundland on 6th May with a view to the necessary steps being taken to terminating the proceedings.

Yours sincerely,

G. B. SHANNON

SECTION C

NOMINATION D'UN LIEUTENANT-GOUVERNEUR ET L'ÉTABLISSEMENT D'UN GOUVERNEMENT PROVISOIRE

APPOINTMENT OF A LIEUTENANT-GOVERNOR AND ESTABLISHMENT OF A PROVISIONAL GOVERNMENT

908. DF/Vol. 783

Mémorandum du sous-comité juridique, le Comité interministériel sur Terre-Neuve

Memorandum by Legal Sub-Committee, Interdepartmental Committee on Newfoundland

Ottawa, September 15, 1948

LEGAL SUB-COMMITTEE'S REPORT ON SUGGESTED FORMS OF PROVISIONAL GOVERNMENT FOR NEWFOUNDLAND BETWEEN DATE OF UNION AND ELECTION OF RESPONSIBLE GOVERNMENT

INTRODUCTION

1. We have been asked to consider and report on possible alternatives for the provisional government of Newfoundland upon her entry into Confederation, until the formation of a responsible government after the provincial elections which are to be held as soon as possible after the date of union. We wish to point out, at the outset, that the problem is above all political, not legal, for any provision that is found suitable can be included in the statute of the United Kingdom Parliament by which we understand it is intended to effect union (a statute spelling out the terms of union and the provincial constitution, though presumably incorporating by reference the general provisions of the British North America Act).

We can, therefore, not do more, at least for the present, than suggest and briefly comment upon a number of possible alternatives to be considered by the appropriate authorities. It may not be out of order for us to point out that, in our view, the matter appears to be one primarily for the authorities of Newfoundland to decide.

2. Submitted herewith is an annex† recording, for purposes of comparison, a number of precedents in connection with the setting up of some of the existing provinces. It will be noted therefrom that Ontario, Quebec, Manitoba, Alberta and Saskatchewan were without legislative authority for a short period following the creation of these provinces. We wish to recall, furthermore, that Canada (federal) herself was in that position for some time after Confederation.

3. The distinction between legislative and executive power must be borne in mind, together with the consequent necessity of deciding first whether it is desired to give the provisional government legislative as well as executive powers.

It does not appear to us legally necessary that the provisional government should have authority to make new laws or to amend or repeal existing laws, but that it will be sufficient for it to be charged with the administration and enforcement of the existing laws of Newfoundland (within the provincial sphere of jurisdiction) — including, of course, the exercise of such power to make orders and regulations as may be conferred by those existing laws. Should the imposition of certain taxes (for instance, a retail sales tax on gasoline to offset the decrease in the price of this commodity which would otherwise result from the introduction of the Canadian tariff at union), the necessary legislation can be passed by the Commission of Government before union. Such legislation might empower the government to impose the tax, which delegated power might be exercised by the provisional government upon union becoming effective.

Needless to say that the Act of Union will contain a provision continuing in force the existing laws of Newfoundland until amended or repealed by the appropriate legislative authority.

POSSIBLE FORMS OF PROVISIONAL GOVERNMENT

4. The Commission of Government could be continued in existence, with or without its legislative powers, until a legislature is elected and a responsible government formed and sworn in. The personnel of the commission could be changed in whole or in part; its membership could be enlarged; provision could be made for the Lieutenant-Governor (after union) to appoint new members.

5. The Lieutenant-Governor could be entrusted with the executive government, alone or with an executive council composed of members appointed by him. As an alternative, it might be left to the Lieutenant-Governor's discretion to set up, or not, an executive council to advise and assist him in carrying on the government of the province.

The present Governor of Newfoundland might be continued in office as Lieutenant-Governor, or a new Lieutenant-Governor might be appointed by the Governor General in Council.

That clause of the Act of Union which will continue in force the existing laws of Newfoundland (until amended or repealed by the appropriate legislative authority) will no doubt also continue all legal commissions, powers, authorities, functions and offices, officers and functionaries, administrative, ministerial and judicial, existing in Newfoundland at the union until abolished, revoked, terminated or dismissed by the appropriate authority under the said Act. Such continuance will, of course, be made subject to the provisions of the Act, and in the absence of a special provision with respect to a provisional government such general clause will probably have the effect of continuing the Commission of Government in office as provisional provincial government. In other words, the commissions, offices, functions and powers of the Governor and commissioners would be continued subject to the provisions of the Act as to distribution or division of legislative and executive jurisdiction. However, it would be preferable to have in the Act a clause expressly providing for the provisional government, whether the same is to be carried on by the existing Commission of Government, by a modified Commission of Government or by an entirely new executive authority. If it is desired to have the present Governor of Newfoundland become the first Lieutenant-Governor, it might similarly be preferable to have him appointed to the latter office (and instructed, presumably) by the Governor General in Council.

909. 10300-40

Mémorandum du président, le comité de direction, le Comité interministériel sur Terre-Neuve,[187] *au président par intérim, le Comité du Cabinet sur Terre-Neuve*[188]

Memorandum from Chairman, Steering Committee, Interdepartmental Committee on Newfoundland,[187] *to Acting Chairman, Cabinet Committee on Newfoundland*[188]

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[187] R. A. MacKay.

[188] Brooke Claxton.

SECRET Ottawa, November 6, 1948

TRANSITIONAL GOVERNMENT IN NEWFOUNDLAND

The Newfoundland Delegation propose that following union a Lieutenant-Governor should be appointed and he should then appoint an executive council, who should hold office pending a general election. The Cabinet Committee appears to have accepted this, at least tentatively.[189]

2. This proposal has, I think, the following objections:

(a) A Lieutenant-Governor would have to select as between a number of possible candidates for the premiership. He could hardly be expected to do this entirely at his own discretion and, even if he did, the Dominion Government would inevitably be thought to have influenced the choice. It might be observed that there is no unanimity between the Confederates as to who should be Confederate party leader;

(b) The Canadian public, or at least critics of the present Dominion Government, might take advantage of the opportunity to criticise the present Canadian Government for trying to suppress provincial autonomy, or using unfair methods in order to influence the election by placing a particular group or leader in power before the election;

(c) It will be very desirable to impose new taxes to be effective from the moment of union, and whatever government is in office in Newfoundland immediately after union would have to take the responsibility for this. This might be difficult to do if it had to face the electors in a general election almost immediately afterwards. Legally, no doubt the Commission of Government could impose taxes and provision might be made for continuance of these taxes after union, pending alteration by the legislature, but the Commission of Government might be very reluctant to do this if it were going out of office immediately after union.

3. Under the circumstances, there would seem to be a strong case for continuing the Commission of Government with its present legislative and executive power less such powers as were necessarily transferred to the Dominion by the Act of Union, pending the holding of a general election in Newfoundland. The U.K. members are no doubt unpopular, and it is understood they wish to get out. On the other hand, some provision might be possible for continuing the Newfoundland members alone, if they did not stand for election. (It is understood that Mr. Walsh and Mr. Pottle at least do not). The other posts might be filled temporarily, if need be, by Newfoundlanders.

4. An alternative might be to appoint a Newfoundlander as Acting Premier, who would not be running in the election (e.g., Mr. Walsh), who, however, might have to be assured of being taken care of afterwards.

5. Another alternative might be to postpone Union until after an election, say, to July 1st. In such an event, it would no doubt be politically imperative to extend

[189]Comparez avec les paragraphes 11 et 12 du document 757.

[189]Compare with paragraphs 11 and 12 of Document 757.

some of the benefits of union before the election, e.g., Children's Allowances, the Canadian tariff, say, as from March 31st.

e. The Newfoundland Delegation or some of them would probably be opposed to any other course than that of appointing a Lieutenant-Governor and a provincial government, but it is doubtful if they would hold out, other terms being generally acceptable.

910. 10300-B-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

TELEGRAM 279 Ottawa, November 18, 1948

SECRET AND PERSONAL. Following for Burchell from MacKay. Begins: Smallwood enquired from me anxiously today whether there was anything further on the interim Government after Union, saying if he and Bradley did not get control the Government here would lose every seat in Newfoundland. I said I have heard nothing and that in any case politics were outside my field. He is afraid McEvoy will get control and thinks McEvoy and Crosbie may be teaming up.

Arrangements for an interim Government will obviously be a delicate matter. If you have not put your views on paper for Mr. Claxton I suggest a personal letter to him might be useful.[190] Ends.

911. 2828-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELETYPE R. 2 St. John's, February 3, 1949

The following news item appeared in the *Daily News* on January 31st. It is stated to be from their special correspondent in Ottawa, Begins:

"Joseph Smallwood asserted here tonight he would be the first Premier of Newfoundland after Confederation. He said he expected to be appointed by the Governor and that when an election is called he will campaign as the head of a political party.

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[190] Il semble que M. Burchell a communiqué ses opinions seulement en février. Voir les documents 913 et 914.

[190] Apparently Mr. Burchell did not put his views on paper until February. See Documents 913 and 914.

He didn't say it would be a Liberal Party but this is assumed here to be the case. Smallwood said there was 'only one course open' to the Governor — that was to name Smallwood as Premier or Prime Minister (whichever term is used). He described himself as the man who most recently appealed to the people.

Smallwood said he would head a Caretaker Administration for two and one-half or three months and that he himself would select his interim Cabinet. He predicted an election in late May or the first week in June. He also predicted that Sir Leonard Outerbridge would be named the Lieutenant-Governor after Confederation.

Before it was dissolved the Commission Government would vote supply for a period of six months, he thought." Ends.

912. 10300-B-40

Extrait d'une dépêche du haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Extract from Despatch from High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 295 St. John's, February 19, 1949

SECRET

Sir,

The following is the text of an item which appeared in the St. John's *Daily News* on February 14.

"The following statement is issued by the Commissioner for Finance on behalf of the Commission of Government:

Term 19 of the Terms of Union of Newfoundland with Canada, which were signed at Ottawa on 11th December, 1948, provides that funds for defraying the expenses of Newfoundland may be voted prior to the date of union and that the terms of the governing statute will have effect after the date of union until otherwise provided by the Legislature of the Province of Newfoundland.

A Provincial Government formed before a Legislature has been elected will not have legislative powers and in order to provide for the Public Services, it is necessary for the present Government to prepare Estimates and vote funds in accordance with the Term referred to. Estimates of Provincial Services are accordingly being prepared by Departments and Supply will be voted before the date of union. The Estimates will be published in due course."

. . .

I have etc.

P. A. BRIDLE
for High Commissioner

913. 2828-40

Extraits d'une dépêche du haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Extracts from Despatch from High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 320 St. John's, February 21, 1949

Sir,

I have the honour to report that the more I think of it and the more I discuss the matter with friends here, the more I believe the quieter the transition on April 1st is made the better it will be in respect of future relations between this country and the rest of Canada.

2. The fact must always be appreciated that there was only a majority of six or seven thousand in favour of union with Canada and you cannot expect the large minority to express any jubilation on the date the union becomes effective. This is especially true in the city of St. John's and on the Avalon Peninsula, where substantially two-thirds of the population voted against Confederation.

3. I anticipate that there may be some difficulty in the selection of a Lieutenant-Governor before March 31st. I also anticipate that if a Lieutenant-Governor is appointed before that date he will have some difficulty in the selection of a man to head the Executive Council during the interim period between March 31st and the election for the Provincial Legislature.

4. I anticipate also that if a Lieutenant-Governor is appointed and does call upon a man to head the Executive Council that [*sic*] the selection of this man, whoever he may be, would be looked upon with disfavour in this country because at the present time there is no line-up of political parties.

5. My recommendation would therefore be that no appointment of Lieutenant-Governor should be made until after the first Provincial election. Subsection 2 of Section 8 would then be applicable and Sir Edward Emerson, the Chief Justice, would then automatically perform the duties of the Lieutenant-Governor. I take it from the wording of this subsection it would not even be necessary to administer the Oath of Office to him.

6. Sir Edward is not in very good health, but at the present time is up and around every day and in fact on Thursday night he is giving a dinner at the Newfoundland Hotel at which the Government House party and a number of other people will be his guests.

7. I think Sir Edward would agree to take the position for the interim period, and especially so if he was informed that in addition to his salary as Chief Justice he would also receive the stipend for the Lieutenant-Governor which would give him an additional $750 per month.[. . .]

8. I would think that the proper course for Sir Edward Emerson to follow, and one which I think he would probably follow, would be to appoint as the Executive Council the three members of the present Commission of Government of Newfoundland, namely Sir Albert Walsh, Dr. Pottle and Mr. Quinton. These three

men are all familiar with the work and could carry on without any break in the continuity of the work which they are doing at the present time, and they represent the three leading religious denominations in this Island, namely Roman Catholic, United Church and Anglican. I understand that none of these men propose to enter into politics, at least in the Provincial arena, and I believe that their appointment as the Executive Council would meet with general approval in this country, although, of course, there would be some strong opposition from certain individuals who think they should be called upon to form the new Government.

9. Writs could then be issued for the general election for the Provincial Assembly and after the election either the newly appointed Lieutenant-Governor or Sir Edward Emerson, if he is still Acting Lieutenant-Governor, would of course call upon the man to form the Government who emerged as the leader of the largest political group.

I have etc.

C. J. Burchell

914. 2828-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

Despatch 324 St. John's, February 22, 1949

Sir,

May I refer to my secret despatch No. 320 of February 21st, 1949, with respect to the appointment of a Lieutenant-Governor and Executive Council.

2. I would like to add to that despatch the following comments.

3. The tranquillity of this Island, and particularly so in respect of its relations with the rest of Canada, will I think largely depend upon the procedure under which the first Legislature is established and the character of the men who compose that Legislature.

4. It is, I think, of the highest importance that men who are really representative of all sections of the Island and of the highest character and standing should compose the first Legislature.

5. If a large section of the people of this Island get the idea that something is being put over on them in connection with the appointment of the first Lieutenant-Governor and his selection of the man to be called upon to form an Executive Council in the interim period between March 31st and the first election, my view is that a strong prejudice will be engendered which will be very difficult to break down for many years to come.

6. On the other hand, if all parties are given a fair break in connection with the election of the first Legislature, I am sure that there will be general approval, except from a limited section.

7. In my position as High Commissioner I understand that I must be non-political in my views, at least until after the 31st day of March. I should point out, however, that the three men who I have suggested should form the Executive Council during the interim period, namely Sir Albert Walsh, Dr. Pottle and Mr. Quinton, would all qualify as being strongly pro-Liberal.[191] It is probably unfortunate, but it is purely accidental that this happens to be the case. This is perhaps unfortunate from the point of view of some people and perhaps fortunate from the point of view of others. They are, however, all well qualified men for the position and are all highly respected throughout the whole Island.

8. It will, I think, be a mistake to attempt to add additional men to the Executive and it would also, I think, be a mistake to substitute other men as members of the Executive Council merely because of the fact that these three gentlemen all happen to be Liberals.

I have etc.

C. J. BURCHELL

915. 2828-40

Le juge-en-chef de Terre-Neuve au Premier ministre

Chief Justice of Newfoundland to Prime Minister

PERSONAL St. John's, February 22, 1949

Dear Prime Minister,

Shortly after his return from Ottawa in December I had a conversation with Hon. Mr. Walsh (as he then was) in reference to that clause in the Terms of union which provides for the Chief Justice acting as Lieutenant-Governor until the first appointment to that office. He told me that this provision was inserted as a precaution in case there should be a failure to make an appointment before March 31st.

Now that the Act has been passed by the Canadian legislature, I write to ask whether you are in a position to tell me what you expect to happen. If I am to act, I shall very shortly have to settle on the type of caretaker Government that the situation warrants and seek the necessary appointees.

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[191]Ceci était certainement vrai en ce qui concerne H. L. Pottle et H. W. Quinton. Quant à sir Albert Walsh, il serait peut-être plus exact de dire qu'il s'était montré un partisan dévoué de la confédération. Au fait, son attitude était probablement motivée en grande partie par son désir de voir Terre-Neuve obtenir les meilleures conditions possibles. Le fait qu'il a consenti à demander à J. R. Smallwood de former un gouvernement intérimaire était surtout le résultat de son appréciation de la réalité politique.

[191]This was certainly true of H. L. Pottle and H. W. Quinton. In the case of Sir Albert Walsh, it would perhaps be more accurate to state that he had proved himself a staunch confederate. In fact, he was probably motivated to a large extent by a determination to see Newfoundland obtain the best possible terms. His subsequent willingness to call on J. R. Smallwood to form an interim government was mainly the result of an appreciation of political realities.

There is one very important reason why I hope that I shall not have to serve. It is most desirable, especially in a small community such as this, for the Supreme Court to be free from suspicion of taking sides in partisan politics and so far its history in this respect has been excellent. I feel that no matter what form the caretaker Government takes, its creator runs grave risk of being subjected to accusation of bias.

My brother judges and I felt justified in letting our views on Confederation be known as this question, in our opinion, far transcended any matter purely of party. You will readily see therefore how vulnerable I am to attack.

Of course, if you are unable to conclude an arrangement for the first appointment, I shall undertake the task assigned to me. The only object of this letter is to seek information at the earliest time convenient to you so that I may not have to act in haste.

With kind personal regards,

Sincerely yours,

E. EMERSON

916. 2828-40

Le Premier ministre au juge-en-chef de Terre-Neuve

Prime Minister to Chief Justice of Newfoundland

PERSONAL Ottawa, February 25, 1949

My dear Chief Justice,

I much appreciate your thoughtfulness in writing to me about the possibility of your having to act as Administrator of the Province, when Newfoundland enters Confederation, on March 31.

It is, in fact, our hope that the Lieutenant-Governor can be appointed immediately so that you will be spared any possible embarrassment of the kind envisaged in your letter. I am, however, not able to give any definite assurance on this point at the moment, but will be glad to let you know just as soon as it is possible to reach a definite decision.

With kind personal regards,

Yours sincerely,

LOUIS S. ST. LAURENT

917. L.S.St.L./P

F. G. Bradley au Premier ministre

F. G. Bradley to Prime Minister

St. John's, March 4, 1949

Dear Mr. St. Laurent,

The second reading of the Nfld. Bill has now been approved by the British

House of Commons, and pursuant to our conversation of December last[192] I have interviewed Sir Leonard Outerbridge with a view to ascertaining his attitude towards acceptance of the post of Lieut.-Governor of the Province of Newfoundland.

It will naturally mean a serious reorganization of his life, and the abandonment of many of his present activities and he pointed out that if he is to accept, it will be essential that he know that the offer will be made, at an early date, in order that he may make the necessary arrangements involved in his changed business and other relations here. The fact that as yet it is unknown just what provision the Provincial Legislature will be prepared to make for the necessary expenditures in connection with his official duties, has given him some concern, and I have assured him that I have no doubt proper provision will be made in that connection.

I am authorized to say that he inclines favourably towards the proposal, and appreciates fully the honour which will be conferred upon him, and I may add that I am completely confident that he will accept.

No doubt you feel as happy as I do that our efforts for the Union of our two countries are about to be crowned with success, and that a new era is opening up for the Province of Newfoundland in a growing Canada where our people will as Canadians pull their full weight.

The hour of Destiny draws nigh. If you think that I should be in Ottawa before or on the day of Union I shall be at your disposal.

Yours sincerely,

F. GORDON BRADLEY

918. 2828-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

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[192]MM. St. Laurent, Bradley, Smallwood, Claxton et Pickersgill s'étaient réunis un soir à la maison de Brooke Claxton et avaient discuté, entre autre, du choix d'un lieutenant-gouverneur. Aucun compte rendu officiel de cette conversation n'a été trouvé dans les dossiers mais on trouve des comptes rendus dans J. W. Pickersgill, "My Part in Newfoundland's Confederation" dans J. R. Smallwood, ed., *The Book of Newfoundland*. Volume 3. St. John's: Newfoundland Book Publishers (1967) Ltd., 1967, pp. 67-9; J. W. Pickersgill, *My Years with Louis St. Laurent*. Toronto: University of Toronto Press, 1975, pp. 83-5; J. R. Smallwood, *I Chose Canada*. Toronto: Macmillan, 1973, pp. 320-4.

[192]Messrs St. Laurent, Bradley, Smallwood, Claxton and Pickersgill had met at Brooke Claxton's house one evening and had discussed, among other things, the appointment of a Lieutenant-Governor. No official record of this conversation has been found in the files but it is discussed in J. W. Pickersgill, "My Part in Newfoundland's Confederation" in J. R. Smallwood, ed., *The Book of Newfoundland*. Volume 3. St. John's: Newfoundland Book Publishers (1967) Ltd., 1967, pp. 67-9; J. W. Pickersgill, *My Years with Louis St. Laurent*. Toronto: University of Toronto Press, 1975, pp. 83-5; J. R. Smallwood, *I Chose Canada*. Toronto: Macmillan, 1973, pp. 320-4.

TELETYPE 159 St. John's, March 5, 1949

Following is the text of an item which appears in the St. John's *Sunday Herald* today under the headline "Smallwood Answers Questions Everyone Wants to Know." Text begins:

"Two *Sunday Herald* reporters this week called on Mr. J. R. Smallwood in his office in the G.W.V.A. Building. He was wearing a well-tailored dark blue suit, white shirt and a polka dot red and blue bow tie and was, to put it *mildly, oozing with confidence.*[192a]

Because he felt he had been misquoted by the daily papers and by the Canadians, Mr. Smallwood stressed that his exact quotes be used. Consequently the *Herald* now presents the interview in a question and answer fashion.

Sunday Herald — What are your plans if you do not receive the Premiership?

J. R. Smallwood — It has never occurred to me that I would not be appointed.

S.H. — It is charged that if you are appointed to the Interim Government you will use Treasury funds to get yourself elected.

J.R.S. — The Interim Government will have only the money voted by the outgoing Government. That money will be earmarked and spent only for purposes specified by the outgoing Government.

S.H. — Is it true that you stated in Canada you intended to start an anti-St. John's campaign, and, if so does that mean you will not contest the districts here?

J.R.S. — Utterly untrue. We will contest every district and win 21 of the 28.

S.H. — Did you offer Major Cashin a post in your Cabinet while you were in Ottawa?

J.R.S. — First I heard of it.

S.H. — Have you any comment on Major Cashin's letters to Prime Minister St. Laurent and Sir Gordon Macdonald?[193]

J.R.S. — I have always admired Mr. Cashin's tenacity and consistency. He is a hard hitter, and you know where you stand with him. I do not, however, get the time to read his numerous letters.

S.H. — How many delegates will you have in St. John's for your Convention?

J.R.S. — About 500. They will come here at their own expense, but under Confederation the fare on the railway will be half of what it is now, plus a special Convention rate and they will remain in town for about three days.

S.H. — Who is your second choice for Lieutenant-Governor if Sir Leonard Outerbridge refuses?

J.R.S. — I have never visualized anyone but Sir Leonard and I have no second choice at the time being. Editor's note — Pressed to name a second choice, Mr. Smallwood laughed and said he had really not thought about it. There is no one he has considered!

[192a]Les mots en italique étaient soulignés dans l'original.

[193]Voir le document 854 et la pièce jointe 1, document 849.

[192a]Words in italics were underlined in original.

[193]See Document 854 and enclosure 1, Document 849.

S.H. — How many men do you expect to have in your Cabinet?

J.R.S. — From 9 to 12. If I have 12 three will be without portfolio. In other words will not receive any pay.

S.H. — Isn't the Governor's sudden recall to England unusual?

J.R.S. — I would say it is a normal procedure. The Governor doesn't wait to meet his successor.

S.H. — When will the name of the Lieutenant-Governor be made public?

J.R.S. — I should think a few minutes before 12 o'clock on March 31st, when the new Lieutenant-Governor will be sworn in by Sir Edward Emerson and the following day will call upon the man to head the Interim Government." Ends.

919. 2828-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 164 St. John's, March 7, 1949

SECRET. Following for Pearson from Burchell, Begins: Reference my letter of March 4th.† The gentleman whose name was put forth by Bradley for Governor [*sic*], called to see me again Saturday afternoon and suggested that if he is asked to accept appointment he should go to Ottawa immediately to confer with Secretary of State and obtain advice from him as to whom he should call upon to form an Executive Council. He thinks this necessary because of unusual situation here. Ends.

920. L.S.St.L./P

Le Premier ministre à F. G. Bradley

Prime Minister to F. G. Bradley

PERSONAL AND CONFIDENTIAL Ottawa, March 8, 1949

Dear Mr. Bradley,

I was very pleased indeed to receive your letter of March 4.

I am grateful for the trouble you have taken to sound out Sir Leonard Outerbridge, and I shall try to let you know as early as possible about making a definite approach to him. I think perhaps we had better leave matters as they are however, until the legislation is through all its stages in the United Kingdom Parliament.

Your suggestion that you might come to Ottawa in the near future is very opportune, as I had been intending to communicate with you in the next day or two to make exactly the same suggestion. I feel it would be very convenient if you

could be here by the 21st at the latest, and possibly, all things considered, it might be more helpful to have you in Newfoundland during the early part of next week in case there are others there we would wish you to consult before you come to Ottawa.

I assure you I fully share your satisfaction at the way in which events have moved.

With warm personal regards,

Yours sincerely,

L. S. ST. LAURENT

921. L.S.St.L./P

Le Premier ministre au commissaire à la Justice et à la Défense de Terre-Neuve

Prime Minister to Commissioner for Justice and Defence of Newfoundland

PERSONAL AND CONFIDENTIAL Ottawa, March 8, 1949

Dear Sir Albert [Walsh],

I know that you wish as ardently as I do that the union of Newfoundland with Canada be implemented in such a manner as will give satisfaction to the greatest possible number of the residents of Newfoundland. That thought is my justification for writing you this letter.

It has been suggested to us that we might select for the first Lieutenant-Governor either Sir Leonard Outerbridge or Mr. George R. Williams. It has been said that the Anglicans were apt to feel that, because most of the Governors in the past had been Anglicans, they should have one of their denomination as our first appointee. I am not very much impressed by that but I would like to have your own candid views about it.

It has seemed to me that if you yourself would consent to take the appointment for a very short time, perhaps only for four or five months, it being announced that you were doing so as a public service to enable responsible government to get properly launched again in Newfoundland, it would create a reassuring effect and might make such distinguished Catholics as the Archbishop and Bishop O'Neill less apprehensive.

I know that it would be inconvenient for you to serve even for a short period, but we could put the house presently occupied by our High Commissioner and its furnishings at your disposal for that period and let it be known that you were willing to act only for the interim period and for the purpose of helping the new province get off to a good start.

I think you would be rendering a real service not only to the province but to the whole of Canada, because I am sure that everyone here would feel that, with you as the [Lieutenant-]Governor until such time as the people themselves will have had an opportunity to elect their Legislature, democratic processes were going to be fairly inaugurated.

From everything I hear, the Lieutenant-Governor, whoever he is, will probably feel that Mr. Smallwood should be invited to form the provincial Executive Council pending the election. He has told me that he could have, as his colleagues, three Roman Catholics, three Anglicans, and three Nonconformists, with portfolios, and one man of each denomination as minister without portfolio. He has told me he had the assurance that the following gentlemen would be prepared to serve with him:

Roman Catholics

Dr. James A. Magrath, Director of Medical Services;
Michael J. Sinnott, Esq., Chief Magistrate Placentia;
Allan M. Fraser, professor of economics and history at [Memorial] University College;
William J. Keough, leader of the co-operative organizations on the west coast;

Anglicans

Samuel J. Hefferton, Vice-president of the Anglican College and President of the Newfoundland Teachers' Association;
Gordon A. Winter, merchant, St. John's;
Lewis Dawe, merchant, Conception Bay;
C. H. Ballam, past President of the Federation of Labour;

Nonconformists

Dr. H. L. Pottle, Commissioner of Education;
Phillip Forsey, professor at Wales College;
Leslie R. Curtis, K.C.

I would be very much obliged to you if you would tell me confidentially whether such a set-up would look like a good sound set-up to the people of Newfoundland. I need not say that any information you can give me about these gentlemen will be very gratefully received and treated as strictly confidential. Nor need I add that any of the advice you feel would help to create a reassuring situation for the people of Newfoundland would also be very gratefully received because I do wish to have the union started off in a way worthy of those who came up here to negotiate the terms thereof with us.

I am certain your own acceptance of further responsibilities to ensure a proper launching of the new provincial administration would add much to the public's indebtedness to you personally.

With kindest personal regards, I wish to remain always,

Yours very sincerely,

L. S. St. Laurent

922. 2828-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

TELEGRAM 239 Ottawa, March 9, 1949

IMMEDIATE. SECRET AND PERSONAL. Following for Burchell.

1. Mr. Walter Harris is planning to fly down Department of Transport plane Friday to discuss with you and others appointment of Lieutenant-Governor and possibly other appointments. Please ask Bradley to come to St. John's for Saturday. Smallwood and Walsh should also be advised of visit. Visit should be kept highly confidential if possible.

923. 2828-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 178 St. John's, March 10, 1949

Reference my telegram No. 177 of Thursday's date,† visit of Wilfred [Walter] Harris.

I have arranged for Bradley to be here Saturday. Also arranged for appointment with Walsh for Saturday morning but unable as yet to contact Smallwood who is somewhere up country. We will keep on endeavouring to locate him but doubtful if he can get here on Saturday.

924. 2828-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

TELEGRAM 258 Ottawa, March 11, 1949

IMPORTANT. Following from MacKay, Begins: Claxton informed McEvoy about visit of Harris not knowing intention was to keep it quiet. Suggest you advise McEvoy that Harris hopes to avoid publicity.

I expect to go too. Weather tonight not promising. Ends.

925. L.S.St.L./P

Mémorandum de l'adjoint parlementaire du Premier ministre[194]

Memorandum by Parliamentary Assistant to the Prime Minister[194]

[n.d.]

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[194]La note suivante était écrite sur ce mémorandum:

[194]The following note was written on this memorandum:

Jack [Pickersgill]

This is a copy of the memo I made a day or two after. The changes and underlining were made then. H[ARRIS]

NEWFOUNDLAND, MARCH 13-15, 1949

1. My first interview was with Sir Albert Walsh at his home on Monday morning. He had just received the Prime Minister's letter on Saturday, the twelfth. He stated that he had taken the liberty of showing it to Cook, who is to be his legal partner after April 1. He said they have been delaying the forming of this partnership and the beginning of their legal practice for some time now. Walsh stated that Cook would not mention it, and that Cook's attitude was favourable for a limited period, providing that a definite announcement would be made, giving the date when the appointment would end. Walsh spoke at considerable length about the financial loss which would ensue to him, saying that he had no reserve, he was now drawing $10,000 a year and it was just sufficient to maintain him; therefore, even with the house and furnishings provided he would have to be given a substantial allowance for entertainment. He said that in the estimates now being provided some sums were available for maintaining Government House, including a chauffeur, a gardener, two domestics, but these would have to be kept at Government House by way of a maintenance crew and that he would have to have others if he moved into Burchell's house. Further, the standard of living should approximate that of the preceding Governor, at least for a short while, though he does not think it necessary to keep Government House open. He would not be able to estimate what living allowance should be provided, but he was certain that in the first four or five months there would be more entertainment than at a later period. He said that he had been deeply moved by the Prime Minister's confidence in him, and if the financial side could be looked after he felt that he would be obliged to do whatever the Prime Minister thought best.

Sir Albert spoke of McEvoy and Pratt, saying that Pratt might lead the Opposition in the Legislature and that it would be highly desirable if some accommodation could be made for him, even suggesting that we should make Smallwood take him on as Finance Minister, with some kind of promise that Smallwood would not stay long; alternatively, that we should have him run for the federal House with a similar understanding about Bradley. He did not say this out of respect for Pratt, but because there did not seem to be anyone who could head an Opposition party in the Legislature, his information being that of the many who had been approached there were few prepared to consider it. He thinks neither Smallwood nor Bradley understands the depth of the feeling against them but stated that Smallwood is the inevitable leader. He also believes that the sooner the party system is introduced and power placed in the hands of persons willing to be responsible the better. He wanted it understood that it was not to be discussed, that he might accept the appointment, and that no publicity should be given to it until it was officially announced some time towards the 31st, and I left on this understanding, which made it rather impossible to sound out others on this possibility, as the mere mention of his name would seem to create speculation as to what I had in mind. He approved of the tentative arrangements for the broadcast on April 1.

2. I saw Bradley, who agreed to be here about March 21. He wants to be the Secretary of State. He approved details of the broadcast. He said that Govern-

ment House should be closed down, and suggested the appointment of Outerbridge, and, in fact, wondered why he had not already been asked. I do not think he had any suspicion, but having spoken of Outerbridge he said that if the latter were not to be appointed then there was one man who must not be, i.e., Walsh, as this would be "fatal," and he went on to speak of the great opposition of certain elements in St. John's to him (Bradley) personally.

I next saw Smallwood, who stated that the report of his speech at Corner Brook was made by a reporter who was present unknown to Smallwood. He wants Government House opened and approved of the details of April 1st, but did suggest that some message from the King be included in the programme. Bradley joined us at this point, and when I mentioned Pratt, they spoke of him as a "pirate," would have nothing to do with him, and seemed to take the suggestion as one which would appear to be selling out to their enemy, but finally agreed that he could run in St. John's East in the federal election, as this riding has only slightly more Roman Catholics than Protestants. After a long discussion, it was agreed that the first Executive Council would set aside maintenance for six months of $500 monthly as living allowance for the head of the province and would pay any substantial celebration costs in addition to this, such as that expected in June. Smallwood is somewhat vague on the exact status of his Cabinet Ministers, but I shall write a separate note on this.

Next, I saw Sir Edward Emerson, who urged that a Lieutenant-Governor and Premier be sworn in at once. He saw no objection to the Order-in-Council being passed before March 31, and stated that he would not be squeamish about interfering at this late date. He agreed to the swearing-in of the Lieutenant-Governor, with copies of the communication, et cetera on telegraphic and telephonic advice that the Order-in-Council had been passed. He wants the Canadian flags run up and says there are none on the Island. He says Smallwood is most indiscreet, but he is the only possible leader, and Outerbridge the only possible Lieutenant-Governor. When I asked him if there were any alternatives, he said there did not need to be, Outerbridge would take it.

I next saw Sir Leonard Outerbridge, who stated that he had been most embarrassed by all the publicity and made it fairly plain that if he was going to be asked, he had better be asked soon. *His own advice was that Emerson continue with an interim government of non-political persons, with a campaign going on by other parties, then the Lieutenant-Governor sworn in in time for the meeting of the Legislature.*[195] He said he had been considering how he could call Smallwood and felt that the only constitutional thing to do was to ask Bradley, who holds the only political office in the Island, i.e., Chairman of the Confederation Association; that if Bradley refused the office and then recommended Smallwood, it would be possible to call Smallwood. However, he would prefer it if he could be put in a position of saying that he had instructions from the Secretary of State here [Ottawa] to call on either Bradley or Smallwood and to make this public. He thought that he could not accept the appointment unless definite assurance of a substantial sum for maintenance of Government House were

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[195]Cette phrase était soulignée dans l'original.

[195]This sentence was underlined in the original.

provided, and when I told him that, if asked, I would recommend to Smallwood not to open Government House until the Legislature had so decided, he stated that if appointed he would carry on from his own home on a very modest scale until the Legislature made other provisions. Even so, he thought there ought to be a very substantial living allowance. He thought the people of the Island would expect the first Lieutenant-Governor to maintain a standard at least equal to the outgoing Governor. He said he had been thinking of this a great deal and in my opinion is most anxious to be asked. After he left, Burchell, who had been present throughout, agreed that I had not in any sense encouraged him, but merely found out his thoughts on the subject. But Burchell stated that if Outerbridge were not to be appointed, he felt that something would have to be said which would ease the blow.

I should add here that, pursuant to the agreement with Walsh, I discussed his name with no one whatever, and Burchell does not know of the position, although I think he may have his suspicions.

Next, I saw Gordon Winter, who confirmed that he would go in Smallwood's Cabinet on April 1, but only until the election and would not be nominated. However, he questioned me closely on the rights of a businessman to be a Cabinet Minister and a businessman at the same time, and it may be that he is thinking of continuing if he finds that he can look after his family interests as well. He said this was true of at least two others in the proposed Cabinet, and it seems to me that these gentlemen are preparing for the possibility of real trouble, so that they can say that their intention had not been to continue in office.

Next, I saw Bradley again, whose only thought was anti-St. John's, and in particular anti-Irish Roman Catholic.

On Tuesday I saw Walsh again for almost two hours. He had begun to express doubts about the loss of his practice, and in particular wanted to be sure that he would not have placed himself in a position where he could not accept all kinds of Government business. He wanted the Prime Minister to know that he himself would make any decision about his future without regard to any other person or institution, but he was afraid that the Catholics being approached by Smallwood to take posts, were being discouraged by certain elements in the community. He also wanted the Prime Minister to know that he doubted if his appointment would overcome this lack of interest. He stated that, if appointed, he would expect a living allowance equal to his salary; also, that he was "not averse to being considered for the Senate," and that any announcement which might be made should be made on March 25th. He would write a letter to the Prime Minister on Wednesday, giving an answer and have it come through Burchell as soon as possible in a sealed envelope. He wanted to know what excuse would be offered for calling Smallwood, and I could only say that Bradley and Smallwood seemed to be [the] only known political leaders, and to this he agreed. He appeared to consider this a rather important decision that he would have to make. He did not express the views given above by Outerbridge, as to the first Premier, but seemed to understand that he should call on Smallwood and was trying to find a logical reason for doing so.

I asked him also to consider Senatorships and he repeated what he had said the day before that it was desirable to appoint at least three, reasonably soon, to prove our earnest desire to have close contact with the Island. He made no comment on Pippy, Gruchy, Pratt and McEvoy, except to say that they were all close friends and business associates and that any one of them would represent all of them. However, I asked him to include some reference to this subject in his letter and he said he would. I told Walsh that I would see Smallwood about the increase in allowance and he could take it that Smallwood was agreeable until he heard the contrary from me.

I discussed with Walsh the business of introducing Old Age Pension at the earliest possible moment and left with him the draft agreement, regulations and bill which had been provided by the Department. He said that he had been waiting for a request from us to do this and I told him that we could not make the request as our legislation was merely supplementary to Provincial legislation and he said that he would study the material I have given him and discuss it with his colleagues in the Government.

I saw Bradley and Smallwood for a few minutes at the hotel and they agreed to increase the living allowance to $9,000 annually. Both were anxious to know if Outerbridge had accepted and I said that he had not been offered anything but that he had indicated certain conditions which would have to be met. Smallwood asked pointedly: "Nothing serious?" and I answered "I do not think so." Both Bradley and Smallwood are strongly pro-Outerbridge.

I had called on John McEvoy on Monday night, but as he had asked for transportation out of the Island and I had agreed to bring him, I left off discussing the situation until we were on the plane, Tuesday. McEvoy's attitude has always been anti-Smallwood although he was a sincere and definite Confederate. He believes that we can acquire support from all or practically all the business interests in St. John's and at the same time keep Smallwood and Company in line. (I do not agree with him as I think Smallwood would leave if we did not go along with him). McEvoy wants Pippy as Lieutenant-Governor, Pratt as Provincial Leader and himself and Gruchy as Senators.

In pursuance of this, he had apparently urged Pratt to come to Ottawa last week and had even hinted to Pratt that we would be seeking his advice about Lieutenant-Governors, etc. He showed me a letter from Pratt, dated after Pratt's interview with the Prime Minister, in which Pratt was warm in his praise for the P.M., Howe, and Claxton, for their interest in him, but throughout the whole letter there was a complaint that he had been waiting for advances which had not come. McEvoy apparently had hoped that we would ask Pratt to be Provincial Premier, but probably knew better and when I suggested that Pratt was a man of substance and would be more interested in the Federal field than in a small Provincial arena, McEvoy immediately stated that he would personally head a campaign to have Pratt run in one of the St. John's seats and get the Catholic support for him even if it meant a reduction in the number of Catholic Members from two to one. Later McEvoy said that if nothing of these plans worked out, he still thought we ought to appoint Gruchy and himself as Senators and either Pratt or Pippy. He also said that these appointments should be made on April 1st, and

that he himself had no intention of standing for Parliament or the Legislature, no matter what or who was involved.

1. Puddester who was here with the delegation and who is an admitted Conservative, states that efforts are being made to take the Orange Organization from Bradley by pointing to our Catholic leader. He admitted, however, that the Conservative Party did not seem to be organized yet and did not appear to have much success through Macdonnell in getting any well-known leader, except possibly Pratt.

2. The friend[196] we took with us saw all the newspaper people of consequence and various other small business men and citizens and his report was emphatic that there was no one else but Smallwood, although nearly everyone in St. John's spoke bitterly about Smallwood. Real bitterness seems to be because union is about to take place and Provincial elections will follow and no one has been able to get an organization started to fight Smallwood. I might add that that seemed to be my impression as well, but I would rely on our friend's report as he saw men whose views I could not have obtained.

3. To sum it all up it would seem that:

(a) Smallwood should be Premier.

(b) He has to have in his Cabinet representatives from St. John's who normally should be Catholic because of the rigid manner of having denominations represented, but if this is impossible he must still have representation from that city and particularly from the business groups who opposed Confederation.

(c) Smallwood will carry the rest of the Island although it was suggested that on the West coast he would have certain business interests against him who had supported Confederation.

(d) Bradley's attitude seems to be that it will be impossible to bridge the gap between the rest of the Island and St. John's and therefore, it will be easier to fight St. John's and carry the rest of the Island. It would appear that he places greater importance on the Irish Catholic population of St. John's as being his opponents than he does on the business interests as such, or at any rate, makes no real distinction between them. It was difficult to try to tell him that the business interests in the city might support this Government now that Confederation was a reality. When I suggested that Pratt might be a Federal candidate in the one St. John's constituency, he appeared to consider it as of no great moment one way or another, as he seemed to consider both the seats lost. I agreed with him that we should not risk the loss of the outside five seats for a possible one in the city, but his attitude seems to be that the certainty of the five should be the final deciding factor.

PROPOSED EXECUTIVE COUNCIL

Smallwood's list contained the names of four Roman Catholics, four Anglicans and three nonconformists. When I spoke to him he had already changed two of the Roman Catholics and added one Anglican. In particular:

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[196] R. A. MacKay.

1. Dr. J. A. Magrath and Allan V. Fraser (Roman Catholics), had told Smallwood that they could not take office. They had both agreed at one time, but had changed their minds. Smallwood believes that they had sought advice elsewhere and were discouraged and Walsh is inclined to think that this is so, although he put it on the basis that they had not been discouraged but merely had been told that it was a matter of their own choice and since they had not been given any encouragement at all, they had decided against taking office.

2. Messrs. Sinnott and Keough still intend to take office and also a Captain John Whelan of Placentia, a Roman Catholic also. The latter was a sea-going master, who is now in the Civil Service ranking approximately a Grade 3 Clerk.

3. The Anglicans remain the same except that Quinton, a Commissioner, now has agreed to continue in office but only until the election. This means that he and Winter will hold office until the election and will then retire unless they can be persuaded to continue.

4. Walsh's estimate of the revised list is as follows:

ROMAN CATHOLICS:

William J. Kehoe [Keough] — satisfactory.

Michael J. Sinnott — not particularly outstanding in the community.

Captain John Whelan — ditto.

ANGLICANS:

Samuel J. Hefferton — not Ministerial timber.

Gordon A. Winter — first class.

Lewis Dawe — not outstanding, but has been successful in business of late.

C. H. Ballam — not satisfactory.

Quinton — satisfactory.

NONCONFORMISTS:

Dr. H. L. Pottle — satisfactory

Philip Forsey — probably satisfactory, but rather far to the left.

L. R. Curtis, K.C., — first class.

926. L.S.St.L./P

Le commissaire à la Justice et à la Défense au Premier ministre

Commissioner for Justice and Defence to Prime Minister

PERSONAL AND CONFIDENTIAL St. John's, March 16, 1949

Dear Mr. St. Laurent,

I have given most earnest consideration to the suggestion in your letter of March 8th that I undertake the duties of Lieutenant-Governor for a short period and as you know I have discussed the question fully with Mr. Harris.

I appreciate the personal confidence which you have in me and the great compliment implied in your request to accept this high office. There are several considerations, however, which make the position somewhat difficult and I assured Mr. Harris that, while I could not give him a definite answer, I would write to you without delay.

It has been assumed here for a long time that Sir Leonard Outerbridge would be chosen. As you probably know he was Honourary Private Secretary to the Governor for about ten years during the Commission period. He has considerable private means and a great deal of executive ability and he has given valuable service in organizing and directing many voluntary associations here. While the Anglican community would be pleased to have as Lieutenant-Governor one of their own members I frankly do not think that they regard the office as one which must necessarily be filled by an Anglican. However, there is the possibility that in the more remote sections of the country an attempt may be made, in the course of an election campaign, to create prejudice against the Government on the question.

I consider that an announcement of the appointment of Mr. George R. Williams would cause some surprise here. Indeed his name has not been mentioned in connection with this office.

In my own case there are considerations, of which you are unaware, that make me hesitant to accept appointment. For almost a year I have had definite arrangements made to resume legal practice and recently I entered into an agreement for a partnership from which I am on leave until March 31st. I had hoped to resume practice on October first last but I had promised the Governor that I would remain in the Commission until the system of Government changed and at his personal request I undertook leadership of the Newfoundland Delegation. I know that delay in re-establishing myself in legal practice is operating to my ultimate disadvantage and I am sure that you will appreciate this position fully. The members of the partnership which I am entering have been holding court work for my attention. The firm has a large number of clients and, while my partner, Mr. Cook, fully agrees that I should do everything possible to assist in public matters, I know that he is anxious that my services become available at an early date. Moreover, some large companies have intimated to me that they are awaiting my return to practice to retain me. There is the possibility of their making other arrangements.

Throughout Canada the office is filled by persons who have at least some private means. As I have explained to Mr. Harris, I have three boys who are attending school here and I have not been in the position to do more than attend to my family obligations. To undertake the social obligations of the office would be a feature about which I am not enthusiastic.

You are aware of the division of our people on the question of union and we all wish to do what we can to get the province off to a good start. The opposition to union has been the same as the latent opposition to the Commission of Government during a number of years and is on the fundamental issue of full self-government. You will appreciate the attitude of descendants of Irishmen on that question. The result of the referendum has been bitterness against all who ad-

vocated union. While it is acknowledged that I took no public or private stand in favour of any form of government, my association with the negotiations and the decisions of the Newfoundland Government have given the impression that the honour conferred on me recently has been for this work and that I am to receive further rewards. I should therefore prefer to withdraw from public life for the time being.

You have set forth the list of names of the first Executive Council and have asked whether the set-up would appear to the Newfoundland people to be a sound one. I understand that Dr. McGrath and Professor Fraser will not be taking office and apart from Gordon Winter, Dr. Pottle and Leslie Curtis I myself should not regard the list as an impressive one. I know that, speaking generally, the business and professional classes opposed union and are strongly opposed to the confederate leaders and the field for selection is narrow. In my opinion there will be great difficulty in procuring suitable men to contest the Catholic districts and I do not expect that more than two Catholics will be elected for Mr. Smallwood's party. Mr. Smallwood and I have discussed this question but, frankly, I cannot suggest a solution. The selection of a leader and candidates who might ensure more support in these districts would certainly be regarded by the majority of the people in the majority of the districts as a betrayal. Mr. Smallwood is the leader of the only party in Newfoundland prepared to form a government to seek popular approval and I agree with Harris that the formation of a government which would not go to the polls would be entirely without precedent and difficult to justify. Yet the Lieutenant-Governor will displease one side or the other in calling upon any particular person.

I have discussed personal financial considerations with Mr. Harris and have said that the period following union will be one in which exceptional expenditure would be incurred and that a substantial allowance should be provided for the short period. I have mentioned to him an allowance at the rate of $9,000 per annum.

I have set forth the difficulties which I see in acceding to your request and I am sure that you will give them full consideration and understand my position. If you still feel that you would wish me to undertake the work, I am quite willing to accept and do my best to assist in having democratic institutions restored on a firm basis. It would be understood that I would not be expected to serve beyond, say, five months as I should wish to be in law practice before the fall sessions of the Supreme Court begin. I take it, however, that the period of service would not be set forth in the appointment and that it would be for me to resign later. Any public announcement would stress the fact that my acceptance is on the basis of service for a short period.

I trust that you will be able to communicate to me your final decision at an early date and I wish to assure you that, whatever that decision may be, I shall be only too glad to give assistance and advice to the Government on any question on which they may wish to consult me.

Mr. Harris spoke to me about appointment of senators and suggested that I might let you have my views. I shall write you about that matter within the next day or two.

Yours sincerely,

A. J. Walsh

927. 243-Cs

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

TELEGRAM 362 Ottawa, March 25, 1949

TOP SECRET AND PERSONAL. Message No. I. Following from the Prime Minister, Begins: For some time I had been very much concerned about having no one connected with the provincial government of Newfoundland who had any experience of the preceding administration and it seemed to me that an element of continuity and stability would be provided if Walsh would act as Lieutenant-Governor until after the provincial elections.

In view of my close personal relations with him I felt that I should approach him direct without any intermediary and I accordingly wrote him a personal letter on March 8th. Walter Harris discussed this letter with Walsh when he was in St. John's and at Walsh's specific request mentioned it to no one.

I make this explanation so you will understand why I have not been free at an earlier stage to inform you of the action taken.

Walsh has since advised me that, though reluctantly, he is prepared to accept and I shall be sending you a message later today which I should like to have you deliver to him.

I might add that I have invited Bradley to join the Ministry on the completion of union and that he concurs in the appointment of Walsh but he would like to be sure that the situation is explained to Outerbridge and he understands why we are taking the action proposed. I am sending a separate telegram on this subject.

It is our feeling that Bradley and Smallwood are the only personalities who, until elections have been held, can be considered to represent any substantial organized body of opinion. Bradley is not interested in the provincial field and we therefore feel that Smallwood is the person who should be called upon to form a provincial administration, but we do not wish to dictate this view to the new Lieutenant-Governor.

It is our understanding that Walsh shares this view and we feel the proposed arrangement is the one most apt to operate smoothly. We are anxious not to be put in the position of imposing views from Ottawa, but, at the same time, we feel we should avoid any course of action which would react against whatever prestige Smallwood may have throughout the island.

I am sending you this message for your personal background information. I regret having to impose these additional delicate tasks upon you and I fear they may oblige you to delay your departure from St. John's, but I shall be most grateful if you will postpone your departure until all these arrangements have been settled. Kindest regards. Ends.

928. 243-Cs

Extrait d'un télégramme du secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Extract from Telegram from Secretary of State for External Affairs to High Commissioner in Newfoundland

TELEGRAM 363 Ottawa, March 25, 1949

IMMEDIATE. TOP SECRET. Message No. II. Following from the Prime Minister, Begins:

1. The Government has decided to offer the post of Lieutenant-Governor to Sir Albert Walsh. In a letter to me Walsh has said that he wishes to return to private life at an early date and would not wish to retain office beyond September 1st at the latest. It is understood that he would like to have a public announcement made at the time of his appointment indicating that he is accepting office at the urgent request of the Canadian Government and only for a brief transitional period.

2. The appointment may raise a delicate situation with respect to Sir Leonard Outerbridge. It is felt that we should accept at face value his reluctance to make political decisions without direct instructions from the Government but that Sir Leonard should be informed that it is the Government's intention to consider appointing him as soon as the office became vacant, if he is then available. It is felt also that you should stress to Sir Leonard the public announcement which will be made at the time of the appointment of Walsh to the effect that Walsh has accepted for only an interim period. A telegram of instructions regarding your conversations with Sir Leonard follows immediately after this telegram. You may, if you think advisable, show this second telegram to Sir Leonard although I think it would be inadvisable to leave a copy of the telegram with him. If you think advisable you may also inform him in confidence, that Walsh is being considered.

3. A further telegram giving the text of a message to Walsh will be sent you and following it, a telegram† containing the draft of a public statement to be issued at the time of the appointment. Will you please clear this text with Walsh.

. . .

929. 243-Cs

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

TELEGRAM 367 Ottawa, March 25, 1949

IMMEDIATE. TOP SECRET. Message No. III.

The Prime Minister requests you to call upon Sir Leonard Outerbridge and to thank him for his courtesy in discussing frankly with you and Mr. Harris the

constitutional difficulties which he foresees were he to accept office as Lieutenant-Governor at the date of union when there will be no elected Legislature for the province and his desire to have the matter of proper allowances settled by a responsible provincial government. The Prime Minister fully appreciates these difficulties and he can well understand Sir Leonard's hesitation about assuming the responsibility for making decisions which would be entailed in accepting the office of Lieutenant-Governor before a Legislature had been elected.

2. You might inform Sir Leonard, in the strictest confidence, that under the circumstances the Government proposes to make an appointment which would be understood, both by the appointee and by the public, to be only for a transitional period during which a provincial government responsible to an elected legislature might become constitutionally established and the necessary provision made for maintenance of the office of Lieutenant-Governor. It is thought that these steps should be completed within at most five months of union.

3. The Prime Minister hopes that when the provincial government will have become established along normal lines and the office of Lieutenant-Governor becomes vacant Sir Leonard may find it possible to accept appointment.

930. 243-Cs

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

TELEGRAM 368 Ottawa, March 25, 1949

IMMEDIATE. TOP SECRET. Message No. IV. Following from the Prime Minister, Begins: Will you please deliver the following message to Sir Albert Walsh personally and secure his reply. Message Begins:

My dear Sir Albert: I have given most careful consideration to your letter of March 16th and have discussed it with my colleagues. We are all most grateful that you are willing to accept the position of Lieutenant-Governor until democratic institutions can be restored on a firm basis in Newfoundland. It is understood that you would not be expected to serve beyond a period of five months. I am communicating to the High Commissioner the text of a proposed announcement which I am asking him to clear with you.

You will be free to occupy the residence now occupied by the High Commissioner if that is agreeable to you. I understand, moreover, that Walter Harris discussed with Smallwood the question of suitable allowances and that he would be prepared to recommend provision on the scale you have suggested.

May I once again thank you personally and on behalf of the government for your readiness to give this additional service to the cause we all have so much at heart.

931. 243-Cs

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 249 St. John's, March 25, 1949

IMMEDIATE. TOP SECRET. Reference Prime Minister's message I of March 25th contained in your telegram No. 362.

I did not bring up subject in my conference with Walsh but he volunteered information that only practical course for him to follow was to call upon Smallwood to form a Government as he is only person ready to form a Cabinet and this he intends to do.

I have also conferred with the Chief Justice and told him of arrangement about appointment of Governorship and he and Walsh will get together tomorrow to finalize plans for ceremonies at this end.

As all arrangements have been settled in accordance with instructions from the Prime Minister I am leaving for Halifax tomorrow. Bridle is quite capable of attending to any minor details.

932. 243-Cs

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM St. John's, March 25, 1949

IMMEDIATE. Your telegram No. 367 of March 25th. I have conferred with Outerbridge and he is very (happy?)[197] over the proposed arrangements. He asked me to convey to Prime Minister his grateful thanks for his message which I read to him and explained.

933. 243-Cs

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

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[197] C'était en effet le mot exact.

[197] It was in fact the correct word.

TELEGRAM 247 St. John's, March 25, 1949

IMMEDIATE. TOP SECRET. Your telegram No. 368. I have conferred with Sir Albert Walsh. He agrees to accept.

934. L.S.St.L./P

Sir Leonard Outerbridge au Premier ministre

Sir Leonard Outerbridge to Prime Minister

St. John's, March 26, 1949

Dear Mr. Prime Minister,

Mr. Burchell called on me last night and conveyed your kind message, which concluded with the expression of your hope that I could find it possible to accept the appointment of Lieutenant-Governor of the Province of Newfoundland when the position becomes vacant.

I asked him to say to you that I very greatly appreciate the honour you have thus done to me and that I accept with pleasure such invitation.

I wish now, not only to confirm my reply, but to add that I feel very grateful for your understanding consideration of the views which I expressed to your Parliamentary Secretary, Mr. Walter Harris when here, and to Mr. Burchell.

May I say that I think that the immediate solution to the question is a very happy one?

I would also like to assure you that, when the time comes, I shall do everything in my power to uphold the best traditions of this high office, and, as occasion arises, to engender goodwill.

I have etc.

LEONARD OUTERBRIDGE

935. 2828-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 258 St. John's, March 29, 1949

IMMEDIATE. SECRET AND PERSONAL. Following for MacKay from Bridle, Begins:

Sir Leonard Outerbridge called on me last night and asked that the following message be forwarded. Message Begins:

The political opponents of Smallwood have inspired a widespread rumour that Sir Leonard Outerbridge was asked to be first Lieutenant-Governor but declined

as he refused to appoint Smallwood as first Prime Minister. In order to prevent serious difficulty in future, Sir Leonard thinks it most advisable and requests that he be permitted to say that he has not, repeat not, been invited to be first Lieutenant-Governor but has been asked if he could find it possible to succeed Sir Albert Walsh when he vacates the office. He considers it essential that permission be given before Friday edition of the *Sunday Herald* which specializes in and features such rumours and which has largest island-wide circulation. It is his opinion that to make only the first of the above statements would not meet the situation. Message ends.

936. 10300-D-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 259 St. John's, March 29, 1949

IMMEDIATE. SECRET AND PERSONAL. Following for MacKay from Bridle, Begins:

1. Smallwood called on me this morning and said he understood I had a message for him. As you instructed me, I told him in strictest confidence of plans for Lieutenant-Governorship when it becomes vacant and of views of both men in question regarding who should be called upon to form interim Government. He asked if there had been any trouble with Outerbridge. Following up your suggestion, I said I knew of none, but at the same time alluded to possible constitutional difficulties as a purely personal conjecture. I told him that Bradley had agreed to present procedure but that he wished Outerbridge fully to understand position. He said he knew this and I assured him that Bradley's wish had been complied with.

2. The only misgiving that Smallwood expressed regarding present arrangement was that it might be a disappointment to Anglican members of community. He said he, therefore, intends to inform Anglican Bishop in confidence regarding plan for Lieutenant-Governorship at later date.

3. Smallwood was tired but confident after his south coast tour. On general grounds he professed not to see any particular advantage in present arrangement, but expressed view that Walsh and Outerbridge, particularly the latter, are both men with whom he can (word omitted) [*sic*] harmoniously. He told me that he was going to see Walsh later in the morning. I would sum up Smallwood's present attitude by saying that he is very confident [and?] that politically he is quite satisfied with present arrangements regarding Lieutenant-Governorship.

4. Having in mind message forwarded in my telegram No. 258 of March 29th, I asked Smallwood if he had heard a rumour which had come to my attention to the effect that Outerbridge had been offered the Lieutenant-Governorship and had declined because he refused to appoint Smallwood. He said he had returned

only late last night, and that he had heard no such rumour. In any case he said he was sure it was not true. I asked him if he thought spreading of such a rumour would create serious political difficulties. He replied in the negative, saying these rumours never get much beyond St. John's in any case. Ends.

937. PCO-CRF

The Newfoundland Gazette Extraordinary du 1 avril 1949

The Newfoundland Gazette Extraordinary of April 1, 1949

GEORGE THE SIXTH, by the Grace of God, of Great Britain, Ireland and the British Dominions beyond the Seas, King, Defender of the Faith.

Alexander of Tunis, Governor General

TO THE HONOURABLE SIR ALBERT JOSEPH WALSH, of the City of St. John's in the Province of Newfoundland, Knight Bachelor, one of Our Counsel learned in the law,

GREETING:

KNOW YOU that We, reposing special trust and confidence in the prudence, courage, loyalty, integrity and ability of you the said ALBERT JOSEPH WALSH have by and with the advice of Our Privy Council for Canada, thought fit to constitute and appoint and We do hereby constitute and appoint you the said ALBERT JOSEPH WALSH to be the Lieutenant-Governor in and over the Province of Newfoundland, one of the Provinces of Canada during the will and pleasure of Our Governor General of Canada.

AND WE DO HEREBY authorize and empower and command you the said ALBERT JOSEPH WALSH in due manner to do and execute all things that shall belong to your said command and the trust We have reposed in you, according to the several powers, provisions and directions granted or appointed you by virtue of the Act of the Parliament of the United Kingdom of Great Britain and Ireland, passed in the thirtieth year of Her late Majesty's Reign, called and known as "The British North America Act, 1867," and all other statutes in that behalf and of this Our present Commission, according to such instructions as are herewith given to you and hereunto annexed or which may from time to time be given to you in respect of the said Province of Newfoundland under the sign manual of Our Governor General of Canada or by Order of Our Privy Council for Canada and according to such laws as are or may be in force within the said Province of Newfoundland.

AND WE DO HEREBY further appoint that so soon as you shall have taken the prescribed oaths and entered upon the duties of your office, this Our Commission shall come into force and take effect.

IN TESTIMONY WHEREOF We have caused these Our Letters to be made Patent and the Great Seal of Canada to be hereunto affixed.

WITNESS:

Our Right Trusty and Well-beloved Cousin, Harold Rupert Leofric George, Viscount Alexander of Tunis, Knight of Our Most Noble Order of the Garter, Knight Grand Cross of Our Most Honourable Order of the Bath, Knight Grand Cross of Our Most Distinguished Order of Saint Michael and Saint George, Companion of Our Most Exalted Order of the Star of India, Companion of Our Distinguished Service Order, upon whom has been conferred the Decoration of the Military Cross, Field Marshal in Our Army, Governor General and Commander-in-Chief of Canada.

Stuart Garson Attorney General, Canada

AT OUR GOVERNMENT HOUSE, in Our City of Ottawa, this first day of April in the year of Our Lord one thousand nine hundred and forty-nine and in the thirteenth year of Our Reign.

By Command,

COLIN GIBSON
Secretary of State of Canada

His Honour the Lieutenant-Governor has been pleased to appoint

Joseph R. Smallwood, Esq.,
Gordon A. Winter, Esq.,
Leslie R. Curtis, Esq., K.C.,
Herman W. Quinton, Esq., C.M.G.,
William J. Keough, Esq.,
Herbert L. Pottle, Esq., Ph.D.,
Samuel J. Hefferton, Esq.,
Charles H. Ballam, Esq.,
Michael J. Sinnott, Esq., O.B.E.,
Philip S. Forsey, Esq.,

to be the Provincial Executive Council.

His Honour the Lieutenant-Governor in Council has been pleased to appoint

Hon. Joseph R. Smallwood, to be Premier.
Hon. Gordon A. Winter, to be Minister of Finance.
Hon. Leslie R. Curtis, K.C., to be Minister of Justice.
Hon. William J. Keough, to be Minister of Natural Resources.

Department of Home Affairs, April 1st, 1949.

D. R. Thistle, King's Printer

938. 2828-40

Bureaux du gouvernement du Canada à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Canadian Government Offices in Newfoundland to Secretary of State for External Affairs

TELEGRAM 287 St. John's, April 4, 1949

Following for MacKay from Bridle, Begins: My telegram No. 285 of April 2nd† regarding Smallwood's radio speech and earlier telegrams regarding the Interim Government.

1. The members of the Interim Government-to-be were present at the Confederation ceremony in Government House.[198] After the ceremony was over the Administrator and Lady Emerson served refreshments and some of the members of the Interim Government-to-be were present with the other guests. They all, however, retired before the reception was over. After Sir Albert Walsh had moved among the guests and received their congratulations, the Administrator proposed his health and a toast was drunk. Sir Albert made a brief reply to the toast saying that he would carry out the duties of his office without fear or favour. He then retired to another part of Government House.

2. An interval of over an hour then elapsed. During this time the Lieutenant-Governor called upon Mr. Smallwood to form an Interim Cabinet. Mr. Smallwood then went to another part of Government House where he prepared a list of the names of his proposed Cabinet and submitted them to the Lieutenant-Governor. Meanwhile the members of the Cabinet had been assembled in another part of Government House. When the Lieutenant-Governor had approved the list, the members of the Cabinet were ushered into his presence and sworn in.

3. When the swearing-in ceremony was over, Mr. Smallwood held a press conference and group photographs of the new Cabinet were taken. The Lieutenant-Governor then returned to join Sir Edward Emerson and the guests, whose numbers had now dwindled to a very few. The new Premier and his Cabinet did not rejoin the guests but immediately commenced their business.

4. The following day the *Gazette Extraordinary*, on which I have already reported, was issued and the Interim Cabinet held further meetings. The Premier established his office in the Colonial Building, and the other three Ministers who had been given portfolios established their offices in the buildings occupied respectively by the Departments of Justice, Finance and Natural Resources. The other Ministers, to whom portfolios have not yet been assigned, have not yet taken up departmental offices, and the various Departments to which Ministers have not yet been assigned are evidently carrying on simply under general Cabinet supervision. The reason that only four portfolios have so far been assigned is that these are the only portfolios established under the pre-Commission Constitution, now revived, which are suitable to the administrative requirements of the present Government. I understand that the Minister of Justice is now examining

[198]Voir le document 1031.

[198]See Document 1031.

this situation to determine whether or not it may be possible to adjust it before an elected Legislature has been established.[199]

5. On the same day that the Premier moved into the Colonial Building, the Lieutenant-Governor set up his office in Government House. One of his first steps was to send the following messages, which may have come to your attention, to the Secretary of State in Ottawa;

"Would you please request His Excellency the Governor General to convey to His Majesty the King with my humble duty an expression of loyalty to His Most Gracious Majesty King George the Sixth and of firm allegiance to the Throne from the Provincial Government and people of Newfoundland."

"Would you please convey to His Excellency the Governor General and, through him, to the Government and people of older Canada, the greetings and good wishes of the Honourable the Premier and members of the Cabinet of the Provincial Government of Newfoundland and of myself. On this historic occasion they echo the sentiments expressed by the Right Honourable the Prime Minister of Canada and will ever strive under God's guidance and with confidence in the future, to build a greater and better Canada. I take advantage of this opportunity to convey to you congratulations upon the high and responsible post to which you have been appointed which we recognize as a great compliment to yourself personally and to the new Province."

6. In this way the new Government of the Province of Newfoundland has been established. Ends.

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[199]Les portefeuilles suivants furent assignés officieusement aux ministres sans portefeuille du Conseil exécutif: Santé publique (H. W. Quinton), Bien-être (H. L. Pottle), Éducation (S. J. Hefferton), Travail (C. H. Ballam), Travaux publics (M. J. Sinnott) et Affaires intérieures (P. S. Forsey). Le premier ministre avait aussi le portefeuille du Développement économique. Il semble que le portefeuille des Approvisionnements fut assigné plus tard à Addison Bown. Tous ces portefeuilles sauf Santé publique, Bien-être, Développement économique et Affaires intérieures furent établis officiellement seulement après la convocation de la législature provinciale en juillet par l'Acte N° 42 de 1949, "An Act Further to Amend Chapter 1 of the Consolidated Statutes (Third Series) entitled 'of the Promulgation and Construction of Statutes'.", proclamé le 28 juillet 1949. Cet Acte entrait en vigueur rétroactivement le 1er avril 1949. Les portefeuilles de la Santé publique et celui du Bien-être furent aussi établis par des actes proclamés le 28 juillet, N°43 et N°44 respectivement. Ces actes sont reproduits dans *The Newfoundland Gazette* du 13 septembre 1949.

[199]The following portfolios were unofficially assigned to the ministers without portfolio of the Executive Council: Public Health (H. W. Quinton), Welfare (H. L. Pottle), Education (S. J. Hefferton), Labour (C. H. Ballam), Public Works (M. J. Sinnott) and Home Affairs (P. S. Forsey). The Premier also had the Economic Development portfolio. It appears that the Supply portfolio was assigned to Addison Bown some time later. All these portfolios except Public Health, Welfare, Economic Development and Home Affairs were officially established only after the convocation of the provincial legislature in July by Act No. 42 of 1949, "An Act Further to Amend Chapter 1 of the Consolidated Statutes (Third Series) entitled 'of the Promulgation and Construction of Statutes'.", proclaimed on July 28, 1949. This Act was made retroactive to April 1, 1949. The Public Health and the Welfare portfolios were also established in Acts proclaimed on July 28, Nos. 43 and 44 respectively. These acts are reproduced in *The Newfoundland Gazette* of September 13, 1949.

939. 2828-40

Bureaux du gouvernement du Canada à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Canadian Government Offices in Newfoundland to Secretary of State for External Affairs

TELEGRAM 300 St. John's, April 5, 1949

IMPORTANT. SECRET AND CONFIDENTIAL. Following for MacKay from Bridle, Begins: Reference your telegram No. 439 of March 31st,† Sir Leonard Outerbridge.

2. I conveyed message contained in your telegram to Sir Leonard on April 1st. He is governing himself accordingly but would, I think, welcome an opportunity of seeing the Prime Minister. He is flying to Toronto today, or as soon as weather permits, and expects to be there for two or three weeks, staying at the Park Plaza. He has told me that he would be glad to call on the Prime Minister should he be invited by him to do so. Sir Leonard discussed the matter under reference with Mr. Gibson when he was here and Mr. Gibson may speak to the Prime Minister about it.

3. Sir Leonard told me yesterday that he has seen Mr. Smallwood and that their relations are most cordial. He said Mr. Smallwood told him that he plans to keep up Government House, at least for the time, and to provide adequate allowances. Sir Leonard would not however move out of his home residence unless he were assured of tenure of Government House for a period satisfactory to him. The Lieutenant-Governor told me today that he plans to move into Government House about the end of this week and that he is writing to Prime Minister regarding his offer to make the High Commissioner's residence available.

4. Shortly after I talked to Sir Leonard yesterday he called on Lieutenant-Governor. I understand, for your confidential information, that latter told him that he plans to remain in office until about September 1st. Ends.

PARTIE 2/PART 2

MISE À EXÉCUTION DE LA CONFÉDÉRATION
GIVING LEGAL EFFECT TO CONFEDERATION

SECTION A

MESURES CONSTITUTIONNELLES
CONSTITUTIONAL MEASURES

940. PCO-CRF

Mémorandum du bureau du Conseil privé

Memorandum by Privy Council Office

SECRET Ottawa, August 13, 1948

NEWFOUNDLAND

NOTES ON LEGAL PROCEDURES TO EFFECT UNION

While Mr. Bradley and Mr. Smallwood were in Ottawa to attend the Liberal Convention, it was felt that some advantage would be gained by an informal discussion, prior to the coming of the official Newfoundland delegation, on the legal procedures that would be followed in order to effect Newfoundland's entry into Confederation.

To this end, an informal gathering was convened on Monday, August 9th, 1948, in room 123 of the East Block. The following attended:

Mr. F. Gordon Bradley	Newfoundland
Mr. J.R. Smallwood	
Mr. R.A. MacKay	External Affairs
Mr. A.R. Crépault	
Mr. C. Stein	Justice
Mr. E.R. Hopkins	Legal Division
Mr. I.C. Pollack	External Affairs
Mr. J.R. Baldwin	Privy Council Office
Mr. Paul Pelletier	

It was pointed out that the question of the legal procedures required to effect Newfoundland's entry into Confederation had been given long and careful consideration by the Department of Justice and the Legal Division of External Affairs. There seemed to be three alternative courses which might be followed. These were:

1. Under Section 146 of the B.N.A. Act, 1867. It will be recalled that this Section gives His Majesty in Council (in the United Kingdom) authority to admit Newfoundland into the Canadian Confederation on addresses from the Houses of the Parliament of Canada and from the Houses of the Legislature of Newfoundland. In view of the fact, however, that at present, there is no elected legislature in Newfoundland, as appears to be contemplated by Section 146, it is felt that this course could not be resorted to without causing some considerable doubt as to its validity and, in any case, without giving rise to considerable difficulties.

2. A second alternative would be to act under Section 4 of the Statute of Westminster. In practice the procedure followed would be as follows. Addresses from the Parliament of Canada and from the Commission of Government of Newfoundland would be forwarded to the United Kingdom requesting that a British Statute be enacted effecting Newfoundland's entry into Confederation. This Statute might contain the terms of union and the provincial constitution of Newfoundland if so desired. The address from the Commission of Government would set forth the will of the people of Newfoundland as expressed in the second referendum. Although this proposed United Kingdom Statute would, in effect, be an amendment to the B.N.A. Act, it would obviate the difficulties that would be encountered if alternative 1 were to be followed.

3. Lastly, recourse might be had to an 1871 amendment to the B.N.A. Act (34-35 Victoria, Chapter 28). Section 2 of this Act provides that the Parliament of Canada may from time to time establish new Provinces in any territories

forming for the time being part of the Dominion of Canada, but not included in any Province thereof, and may, at the time of such establishment, make provision for the constitution and administration of any such Province, and for the passing of laws for the peace, order, and good government of such Province, and for its representation in the said Parliament. If this Section were resorted to, United Kingdom action would first be required to establish Newfoundland as a "territory" of Canada. This would be followed by an Act of the Canadian Parliament which would incorporate the "territory" of Newfoundland as a tenth Province.

Following considerable discussion on the relative merits of the three alternatives set out above, a majority of the meeting, including Mr. Bradley and Mr. Smallwood, felt that alternative 2 offered the least difficulties and would probably meet the wishes of both Canadian and Newfoundland interests.

Mr. Bradley and Mr. Smallwood added that any legal means devised to achieve union would be agreeable to them provided that such means were constitutional and that they provided conclusively that the provincial constitution of Newfoundland, once established by whatever means, would not be subject to alteration by the United Kingdom or by Canada.

Mr. Bradley and Mr. Smallwood also raised the question of the provisional government that would have to be provided following union but prior to the holding of regularly constituted elections. They both felt very strongly that the provisional government should not include an upper House but that a Legislative Assembly would be entirely sufficient. It was pointed out to them that this was not a matter that could be decided now but one that should be negotiated with the official Newfoundland delegation after its arrival.

P. P[ELLETIER]

941. 10300-B-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne

Secretary of State for External Affairs to High Commissioner in Great Britain

TELEGRAM 1749 Ottawa, October 21, 1948

IMMEDIATE. SECRET. Following for the Rt. Hon. L. S. St. Laurent,[200] Begins: You may wish to know that at informal meeting of subcommittee on constitutional questions the views of the Newfoundland delegation have been made known on the procedure which they would like to see followed in effecting union. They agree that an over-riding United Kingdom enactment will be necessary. They see the need for a Canadian statute or resolution but take exception to this

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[200] M. St. Laurent était alors à Londres pour remplacer Mackenzie King, qui était malade, à la Conférence des premiers ministres du Commonwealth.

[200] Mr. St. Laurent was then in London to replace Mackenzie King, who was ill, at the Conference of the Commonwealth Prime Ministers.

statute itself purporting to enact the terms of union. They recognize that the *ultra vires* character of such a statute would be remedied by confirming U.K. statute. However, they would like to feel that they are at arm's length in these negotiations. They would prefer Canada not to adopt a procedure which might make it appear that Newfoundland's entry into Canada was being effected principally by Canadian legislation.

2. They want also to minimize the role played by the Commission of Government and would not want it to take any legislative action or do more than approve the terms and transmit them to the United Kingdom Government.

3. They would take no (repeat no) exception, however, to a Canadian statute which would take the place of a resolution of the Houses of Parliament and which would merely (a) approve the terms of union and (b) authorize the Governor General in Council to request the enactment of the necessary U.K. legislation.

4. Consequently the procedure indicated at this stage would be an agreement entered into by Canada under the authority of the Governor in Council subject to approval by the Canadian Parliament and by the Newfoundland delegation subject to approval of the Commission and by Act of the Parliament at Westminster.

5. Our statute would then (a) seek approval of the agreement which would be annexed, and (b) authorize the Governor in Council to request the enactment of the necessary legislation by the United Kingdom Parliament.

6. I am inclined to think, especially in view of the position taken by the Newfoundland delegation, that any Canadian statute might properly be limited as proposed. Such a procedure would not offend the sensibilities of the Newfoundlanders and would closely approximate the procedure envisaged by Section 146 of the British North America Act. The approval of the Parliament of Canada, and not merely of the Houses of Parliament, would have been obtained.

7. We are of course only exploring possibilities now. The matter will not come before the whole Conference until the meeting proposed for Wednesday. I would however be most grateful to have your views for the purpose of these early discussions.

8. It might be desirable not to ascertain the United Kingdom reaction until after general agreement has been reached with the Newfoundland Delegation.

942. 10300-B-40

Extrait d'un mémorandum du chef, la direction du Commonwealth britannique

Extract from Memorandum by Head, British Commonwealth Division

SECRET Ottawa, October 30, 1948

PROCEDURE FOR THE ADMISSION OF NEWFOUNDLAND

The Acting Prime Minister agreed on October 29 that we should advise the United Kingdom that agreement had been virtually reached with the Newfound-

land delegation regarding appropriate procedure for the admission of Newfoundland and that there would be no objection on the part of the Newfoundland delegation or the Canadian Government to a United Kingdom law officer being attached to the High Commissioner's Office here for consultation and drafting.[. . .]

. . .

943. B.C./Vol. 117

Extraits d'une lettre du sous-ministre adjoint de la Justice au chef, la direction du Commonwealth britannique

Extracts from Letter from Assistant Deputy Minister of Justice to Head, British Commonwealth Division

Ottawa, December 6, 1948

RE: DRAFT UNITED KINGDOM BILL

Dear Mr. MacKay,

With reference to our telephone conversation on the 4th instant, I enclose herewith three copies of my memorandum of the 4th instant and of the documents mentioned in the opening paragraph thereof.

The Deputy Minister of Justice has suggested that consideration be given to so drafting section 1 of the U.K. Bill that the Terms of Union, and not merely the agreement containing the same, will be given the force of law.[. . .]

. . .

The Deputy Minister of Justice has otherwise no objection to Mr. Dale's draft, and I understand that he agrees with the suggestion, made in paragraph 1 of my said memorandum of the 4th instant (herewith), to insert the words "approved and" before the word "confirmed" in said section 1.

I shall be pleased if you will immediately forward two copies of the enclosures hereto to Mr. Shannon of the United Kingdom High Commissioner's Office. I am adding two copies of this letter which I think it might be well for you to send him also.

Yours truly,

C. STEIN

[PIÈCE JOINTE 1/ENCLOSURE 1]

Extraits d'un mémorandum du sous-ministre adjoint de la Justice

Extracts from Memorandum by Assistant Deputy Minister of Justice

Ottawa, December 4, 1948

RE: LEGAL PROCEDURE FOR MAKING NEWFOUNDLAND A PROVINCE OF CANADA

Subject to the suggestions and comments hereinafter contained, I see no objection to adopting the new draft of the proposed United Kingdom Bill prepared

under date of December 1, 1948 by Mr. W. L. Dale of the Commonwealth Relations Office.[201] Copies of Mr. Dale's letter to me of the 1st instant, of the said draft and of the explanatory memorandum which accompanied the same and which is also dated the 1st instant are attached hereto. It will be noted that Mr. Walsh, Chairman of the Newfoundland Delegation, has agreed to this new draft. Also herewith is a copy of my draft of the Canadian Act approving the Terms of Union.

. . .

2. The Cabinet Committee on Newfoundland or the full Cabinet will presumably wish to pass on the form of the draft Canadian statute and of the draft address from the Senate and House of Commons (including the draft U.K. statute). If and when they do pass upon the same, their attention should, I think, be called to the suggested omission from the proposed U.K. Bill of words confirming the Canadian statute.

3. With reference to paragraph 6 of Mr. Dale's said explanatory memorandum or notes on his said draft of the U.K. Bill, it should be noted that our latest draft Terms of Union contain a section (48) entitled "Statute of Westminster" and reading as follows: "At the date of the Union the Statute of Westminster, 1931 shall cease to apply to Newfoundland as a Dominion and thereafter the Statute of Westminster, 1931 shall apply to Newfoundland as a Province of Canada."

Even with such provision included in the Terms of Union and given the force of law by the confirming U.K. statute (the British North America Act 1949), the U.K. authorities may deem it necessary or desirable, at least for "tidying-up" purposes, to make an additional and separate statutory provision amending accordingly the Statute of Westminster, such statutory provision presumably to be included, as suggested in the said paragraph of Mr. Dale's memorandum, in a Miscellaneous Bill amending various Acts of the U.K. Parliament dealing with Newfoundland. If this is done, "The timing of this second Bill will have to be watched," as Mr. Dale puts it, in view of the fact that after Union the U.K. Parliament will not, under the Statute of Westminster, be in a position to legislate for Newfoundland without the request and consent of Canada. Mr. Dale makes this comment with respect, I understand, to all the provisions of this Miscellaneous Bill, and not only with the provisions thereof dealing with the Statute of Westminster. In this connection, it appears to me that there is a possibility that even if such Miscellaneous Bill is passed before Union, but after the adoption and submission of the address by the Senate and House of Commons of Canada for the U.K. Bill confirming the Terms of Union, the U.K. authorities may deem it necessary to have an additional and separate "request and consent" from Canada with respect to the provisions of the Miscellaneous Bill dealing with the Statute of Westminster. It must be noted that such provisions will presumably be so drafted as to have effect only as of the date of

[201]Conseiller juridique adjoint, Colonial Office et Commonwealth Relations Office de Grande-Bretagne.

[201]Deputy Legal Adviser, Colonial and Commonwealth Relations Office of Great Britain.

Union. However, I suggest that the preamble to the Miscellaneous Bill could recite, in connection with the provisions of this Bill dealing with the Statute of Westminster, the address of the Senate and House of Commons of Canada praying for the passage of the U.K. statute confirming the Terms of Union, and perhaps also mention expressly the clause in the Terms of Union dealing with the Statute of Westminster.

C. STEIN

[ANNEXE 1 À LA PIÈCE JOINTE/SUB-ENCLOSURE 1]

Le conseiller juridique adjoint, Commonwealth Relations Office de Grande-Bretagne, au sous-ministre adjoint de la Justice

Deputy Legal Adviser, Commonwealth Relations Office of Great Britain, to Assistant Deputy Minister of Justice

Ottawa, December 1, 1948

Dear Mr. Stein,

NEWFOUNDLAND

As arranged I enclose two copies of a provisional draft United Kingdom Bill, and of a note on the main points we considered. This draft has been agreed by Mr. Walsh, and follows the draft we agreed at our discussion yesterday, with the following alterations in the Preamble:

SECOND PARAGRAPH: As "authorized" appearing in United Kingdom legislation might give rise to the question who had authorized the representatives, we decided to omit this word.

THIRD PARAGRAPH: We felt that if we made specific reference to the Canadian Act we should draw attention to the fact that there would be no legislation in Newfoundland, and as you said that you did not feel strongly about this, I have left this paragraph as I originally drafted it.

Mr. Walsh feels, at present anyhow, that the Government of Newfoundland should not actually request the enactment of this Bill, and therefore I have omitted the last paragraph of the Preamble altogether.

I hope the draft, as now enclosed, meets with your approval. It is of course provisional only, and subject to any alterations which may be required by events and to approval in the United Kingdom.

Yours sincerely,

W. L. DALE

[ANNEXE 2 À LA PIÈCE JOINTE/SUB-ENCLOSURE 2]

Projet du bill de Grande-Bretagne

Draft Bill of Great Britain

DRAFT UNITED KINGDOM BILL FOR AN ACT TO CONFIRM AND GIVE EFFECT TO TERMS OF UNION AGREED BETWEEN CANADA AND NEWFOUNDLAND

Whereas by means of a referendum the people of Newfoundland have by a majority signified their wish to enter into confederation with Canada;

And whereas the Agreement containing Terms of Union set out in the Schedule to this Act has been made between representatives of Canada and Newfoundland, subject to approval by the Parliament of Canada and the Government of Newfoundland and confirmation by the Parliament of the United Kingdom;

And whereas the said Terms of Union have been duly approved by the Parliament of Canada and by the Government of Newfoundland;

And whereas the Senate and House of Commons of Canada in Parliament assembled have submitted an address to His Majesty praying that His Majesty may graciously be pleased to cause a Bill to be laid before the Parliament of the United Kingdom for the enactment of the provisions hereinafter set forth;

Be it therefore enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

(1) The Agreement containing Terms of Union between Canada and Newfoundland set out in the Schedule to this Act is hereby confirmed and shall have the force of law notwithstanding anything in the British North America Acts, 1867 to 1946.

(2) This Act may be cited as the British North America Act, 1949, and the British North America Acts, 1867 to 1946, and this Act may be cited together as the British North America Acts, 1867 to 1949.

Schedule

[ANNEXE 3 À LA PIÈCE JOINTE/SUB-ENCLOSURE 3]

Mémorandum du conseiller juridique adjoint, Commonwealth Relations Office de Grande-Bretagne

Memorandum by Deputy Legal Adviser, Commonwealth Relations Office of Great Britain

[Ottawa,] December 1, 1948

NOTES ON UNITED KINGDOM BILL

1. Preamble. It was considered whether the Preamble should end with a paragraph as follows: "And whereas the Government of Newfoundland has requested that a Bill be laid before the Parliament of the United Kingdom for the enactment of the said provisions."

We considered that such a paragraph was not necessary and should be avoided for the following reasons. It is not necessary because Newfoundland never adopted the Statute of Westminster and therefore the "request and consent" of Newfoundland under Section 4 of the Statute is not required. This must be the correct view in spite of the 3rd clause in the Preamble to the Statute of Westminster and the definition of Dominion in Section 1 (see, for example, the Newfoundland Act, 1933). In the action recently brought in the Supreme Court of New-

foundland by Currie and others, an injunction is sought restraining the defendants (who are the Commission of Government of Newfoundland) from "requesting the Parliament of Great Britain to pass legislation for furthering any Union with . . . Canada," and they argue that no such request could be made to Parliament without the "request and consent" of an elected Newfoundland Parliament in accordance with the Statute of Westminster. This point is clearly a bad one in relation to Newfoundland, but Mr. Walsh (Chairman of the Newfoundland delegation) is of the opinion that no request should come from the Newfoundland Government for the enactment of this Bill. He feels that the present Commission of Government is not concerned with the future of Newfoundland and it will be preferable if the Terms of Union are to rest on the agreement of the authorized representatives of Newfoundland, approval by the Commission (which will be signified to the United Kingdom Government without making any request) and thereafter the confirmation by the United Kingdom Parliament by means of this Bill.

2. It was considered whether it would be desirable to include in the Terms of Union a clause similar to, for example, Clause 24 of the Manitoba Agreement scheduled to the British North America Act, 1930. It was considered, however, that this would be inadvisable. Some of the provisions of the Terms of Union are fundamental to the constitution affecting the balance of power between the Canadian Parliament and the Parliament of Newfoundland as a Province of Canada and it would be undesirable to introduce any clause which would enable this balance to be altered by agreement between the two legislatures.

3. The question was discussed whether the United Kingdom Bill should actually confirm the Canadian Act which is intended to approve the Terms of Union, but this was decided to be inappropriate. It was further suggested that it would be possible not to include the Terms of Union in the United Kingdom Bill at all, but merely to confirm them by reference — for example, to the Canadian Act which will set them out or to the Agreement itself. This suggestion was made with a view to avoiding discussion of the details in the United Kingdom Parliament. We concluded, however, that the mere absence of the Terms of Union from the United Kingdom bill would not be likely to assist very much in this direction. The chief argument will be that they have been reached after prolonged and detailed consideration by authorized representatives of Canada and Newfoundland and then approved by Act of the Canadian Parliament. Moreover, to omit the Terms of Union from the United Kingdom Act would result in a gap in the British North America Acts, since the Terms of Union do, of course, in many respects alter the effect of those Acts. It was agreed, therefore, that the Terms of Union should be scheduled to the United Kingdom Bill.

4. It will be noticed that Clauses 7, 9 and 14 of the Terms of Union revive the provisions of the Letters Patent existing in 1933. The presence of these clauses in the Terms of Union, coupled with Clause 1 of the United Kingdom Bill, will be enough to revive the terms of these pre-1934 Letters Patent and as a result the Letters Patent of 1934 will be superseded.

5. The Newfoundland Act of 1933 was considered. Section 1 can be repealed by the United Kingdom Parliament but preferably not by this Bill (since this Bill

is confined to the alteration of the effect of the British North America Acts, and the repeal of Section 1 of the Newfoundland Act, 1933, does not directly concern the Canadian Parliament). It is understood that there are no outstanding advances under either Section 2 or Section 4 of the 1933 Act to be repaid to the United Kingdom Treasury, and those Sections can also be repealed. It is understood, however, that although the Canadian Government, by Clause 24 of the Terms of Union, will take over the servicing of the stock guaranteed by the Treasury, Section 3, the intention is that the Treasury guarantee should remain. Subject to this, Section 3 can be repealed. Section 5 will cease to have effect.

6. Statute of Westminster. It will be desirable to tidy up certain provisions of this Statute (Sections 1, 7 and 10). Newfoundland will no longer be a Dominion and therefore should be deleted from Section 1 and from Section 10. Regarding Section 7, as Newfoundland will under the Terms of Union become one of the Provinces of Canada, probably this Section is all right, but the point will no doubt be considered by Parliamentary Counsel in England. Presumably it will be most convenient to include any amendments of the Statute of Westminster in a Miscellaneous Bill which it is proposed will amend various Acts of Parliament dealing with Newfoundland (for example, the British Nationality Act, 1948). The timing of this second Bill will have to be watched, since after the coming into force of the Terms of Union, the United Kingdom Parliament will not be able to legislate for Newfoundland without the "request and consent" of the Parliament of Canada.

W. L. DALE

[ANNEXE 4 À LA PIÈCE JOINTE/SUB-ENCLOSURE 4]

Projet de l'Acte du Parlement du Canada

Draft Act of Parliament of Canada

Ottawa, November 23, 1948.

(RE: PROPOSED ENTRY OF NEWFOUNDLAND INTO CONFEDERATION)
(DRAFT FORM OF ACT OF CANADIAN PARLIAMENT)

13 GEORGE VI, CHAPTER

An Act respecting

(Assented to 1949.)

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. This Act may be cited as

2. The agreement set out in the schedule hereto is hereby approved.

(SCHEDULE
MEMORANDUM OF AGREEMENT)

944. 10300-B-40

Le sous-ministre adjoint de la Justice au chef, la direction du Commonwealth britannique

Assistant Deputy Minister of Justice to Head, British Commonwealth Division

Ottawa, December 8, 1948

Dear Mr. MacKay,

RE: DRAFT UNITED KINGDOM BILL

With reference to my letter of the 6th instant and confirming our telephone conversation of this morning, please ignore the suggestion that the words "approved and" be inserted before the word "confirmed" in section 1 of the above noted draft Bill. At yesterday's plenary meeting Term 50 ("Coming into Force") was discussed and redrafted to read as follows:

"These Terms are agreed to subject to their being approved by the Parliament of Canada and the Government of Newfoundland, and shall come into force immediately before the expiration of the thirty-first day of March, 1949, if His Majesty has theretofore given His assent to an Act of the Parliament of the United Kingdom of Great Britain and Northern Island confirming the same."

In the course of the discussion the view was expressed that the United Kingdom statute should not approve, but merely confirm and give the force of law to the Terms of Union.

Yours truly,

C. STEIN

945. 10300-B-40

Extrait d'une lettre du conseiller juridique au haut commissaire adjoint de Grande-Bretagne

Extract from Letter from Legal Adviser to Deputy High Commissioner of Great Britain

Ottawa, December 20, 1948

Dear Mr. Shannon,

I refer you to Mr. Dale's letter dated December 1, 1948, addressed to Mr. Stein of the Department of Justice, under cover of which were enclosed two copies of a draft United Kingdom Bill for an Act to confirm and give effect to Terms of Union agreed between Canada and Newfoundland.

This is to advise you that the Department of External Affairs and the Department of Justice agree with the terms of the Bill as drafted by Mr. Dale, a copy of which I am enclosing for your reference.

. . .

Yours truly,

E. R. HOPKINS

946. 10477-40

Mémorandum du ministère des Affaires extérieures

Memorandum by Department of External Affairs

SECRET Ottawa, January 5, 1949

PARLIAMENT; LEGISLATION; BILL TO APPROVE CANADA-NEWFOUNDLAND TERMS OF UNION

At the meeting of the Cabinet on January 5, approval was given to a report that a bill was being prepared to approve the terms of union with Newfoundland, to be submitted shortly.

947. 10300-B-40

Extrait d'un mémorandum du ministère des Affaires extérieures

Extract from Memorandum by Department of External Affairs

SECRET Ottawa, January 12, 1949

PARLIAMENT; LEGISLATION

At the meeting of the Cabinet on January 12, the following legislation for transmission to Parliament was approved:

resolution and bill to approve the Terms of Union of Newfoundland with Canada;

. . .

948. 10300-B-40

Extrait d'une lettre du chef, la direction du Commonwealth britannique, au conseiller, le haut commissariat en Grande-Bretagne

Extract from Letter from Head, British Commonwealth Division, to Counsellor, High Commission in Great Britain

CONFIDENTIAL Ottawa, January 15, 1949

Dear Max [Wershof],

I regret that we have not been keeping you very well informed about the discussions on the text of the United Kingdom Bill confirming the union of Newfoundland with Canada.

As you probably know, Mr. Dale, of the Commonwealth Relations Office, was here at the time negotiations were going on with the Newfoundland delegation and a draft text of the United Kingdom Bill, which would of course be incorporated in the address from the Canadian Parliament, was worked out. On January 10 a memorandum was left with us by Shannon, of the United Kingdom High Commissioner's Office here, on the following points:

(1) It was suggested that it would be unnecessary to amend the Statute of Westminster;

(2) it was suggested that repeal of the Newfoundland Act, 1933 should be included in the Bill;

(3) it was asked whether it would be desirable to amend the British North America Act with respect to Sections 146 and 147;

(4) it was proposed that an amendment on the preamble of the draft United Kingdom Bill should be made.

We agreed at the official level that there was no need to amend the Statute of Westminster; that there was no need to include the repeal of the Newfoundland Act, 1933 in the Bill; and that there was no need to amend the British North America Act. We also suggested an amendment to their amendment on the preamble of the Bill (our amendment is noted in red on the draft attached).

On January 13 the United Kingdom came forward with a further memorandum indicating that in their view the repeal of the Newfoundland Act was necessary except sub-sections 2 and 3 of section 3 relating to the United Kingdom guarantee of Newfoundland bonds, and, further, arguing that the preamble of the Bill should indicate the request and consent of Canada to the whole Bill, since it was somewhat obscure as to whether the Bill would be an amendment of the British North America Act or a Statute based on section 4 of the Statute of Westminster. We have agreed at the official level with their views. I enclose a copy of a letter from Charles Stein of Justice to myself which has been passed on to Shannon of the United Kingdom Office.

This is for your information should any questions arise in London.

Yours sincerely,

[R. A. MACKAY]

Copies of the following documents are enclosed:

(1) Draft United Kingdom Bill for an Act to confirm and give effect to Terms of Union agreed between Canada and Newfoundland;

(2) memorandum from the Office of the United Kingdom High Commissioner of January 10;

(3) memorandum from the United Kingdom High Commissioner's Office of January 13;

(4) letter from Mr. Charles Stein of the Department of Justice to R.A. MacKay of January 14.

[PIÈCE JOINTE 1/ENCLOSURE 1]

Mémorandum du haut commissariat de Grande-Bretagne

Memorandum by High Commission of Great Britain

CONFIDENTIAL Ottawa, January 10, 1949

PROPOSED NEWFOUNDLAND BILL

1. *Statute of Westminster, 1931.*

It appears most desirable on general grounds not to make any alteration in the

terms of the Statute of Westminster, whether in the main Bill giving effect to the terms of union, or in the proposed miscellaneous Bill. It may be argued that, as Newfoundland has not adopted Section 2 of the Statute of Westminster, the Colonial Laws Validity Act, 1865, would, by virtue of Section 10 of the Statute of Westminster, continue to apply to Newfoundland after union with Canada. We all take the view here, however, that a court would look at the whole circumstances of the union, and would reject such an argument, and would say that, having regard especially to Clause 48 of the Terms of Union, which terms will be confirmed by United Kingdom Act, Section 7 (2) of the Statute of Westminster will apply to Newfoundland as a province of Canada. It might possibly also be contended that the effect of Section 10 of the Statute of Westminster is that Section 4 of the Act will not apply to Newfoundland, but this surely could not be correct. We do not think that any difficulty would arise on Sections 5 and 6 of the Statute of Westminster but we should be glad if the Canadian authorities would confirm this. If the above is agreed there would be no object in deleting Newfoundland from Sections 1 and 10 of the Statute and we would propose to leave those Sections alone.

2. *Newfoundland Act, 1933.*

Parliamentary Counsel take the view that it will be desirable to repeal the Newfoundland Act, 1933, but, as the Treasury guarantee under Section 3 will remain, subsections 2 and 3 of Section 3 must be preserved. From a preliminary investigation it looks as if the miscellaneous Bill required to amend various other Acts relating to Newfoundland will be merely by way of statute law revision and can be left until after 31st March. This will be advantageous since there is insufficient time for an exhaustive review of the Statute Book before then. It will not, however, be desirable to postpone the repeal of the Newfoundland Act, 1933, as it will affect the law of Newfoundland and (subject to the argument in paragraph 1 above) Section 4 of the Statute of Westminster will apply after the date of Confederation. We would like to incorporate the repeal in the main Bill. We know that the Canadian authorities expressed a desire to avoid this on the ground that the repeal of that Act does not directly concern the Canadian Parliament, but the continuance of the Act would be inconsistent with the union and its repeal will most conveniently be included in the main Bill. It is hoped therefore that on further consideration, the Canadian authorities will agree to this. Nevertheless, even if it is agreed that the main Bill should include the repeal of the Newfoundland Act, 1933, it will presumably not be desired to include a request for this part of the Bill in the Canadian address to His Majesty.

3. *British North America Acts.*

On the enactment of the main Bill, Section 146 of the British North America Act, 1867, will be spent and it could be repealed if the Canadian Government so desire. The reference to Newfoundland in Section 147 and in the British North America Act 1915 could also be repealed. From the point of view of legal drafting, Parliamentary Counsel have suggested the repeal of Section 146 of the 1867 Act, while leaving the other provisions alone. Since however the Canadian view on procedure in connection with Newfoundland has been that it would be expedient to avoid specific amendment of the British North America Acts, it may be felt to be unnecessary to repeal Section 146 of the 1867 Act.

4. *Preamble of United Kingdom Bill to confirm the Terms of Union.*

We wish to suggest that paragraphs 2 and 3 of preamble of Bill to confirm terms of union should be combined and altered to read as follows:

"And whereas an agreement containing the terms of union set out in the schedule to this Act has been entered into between Canada and Newfoundland and has been duly approved by the Parliament of Canada and by the Government of Newfoundland."

The reason for this suggestion is that the phrase "representatives of Canada and Newfoundland" might be criticised on the ground that the Newfoundland representatives were delegates appointed by a Government which was not elected by the people of Newfoundland.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Mémorandum du haut commissariat de Grande-Bretagne

Memorandum by High Commission of Great Britain

CONFIDENTIAL Ottawa, January 13, 1949

BRITISH NORTH AMERICA BILL, 1949

1. *Preamble to British North America Bill.*

We agree with alternative form of preamble.

2. *Section 146 of the British North America Act, 1867.*

We are prepared to drop the proposal for repealing Section 146 of the British North America Act, or for making any other alterations in it if the Canadians object.

3. *Repeal of Newfoundland Act, 1933.*

We would like the Canadians to reconsider their objection to repealing the Newfoundland Act 1933 by this Bill. It seems clear that the presence of this Act on the United Kingdom Statute book will be inconsistent with the new Bill when it becomes law, and that the Act should be repealed in the near future. If it is not repealed until after the 31st March, it cannot be repealed effectively without the request and consent of the Parliament of Canada under Section 4 of the Statute of Westminster. We assume that the Canadians will not want this, particularly as the Bill would be the miscellaneous Bill referred to in our last telegram and would contain other provisions not within Section 4 of the Statute. To have a separate Bill concurrently with the main Bill simply for the purpose of repealing the Newfoundland Act would, we think, be out of the question, since this would, apart from anything else, absorb a good deal of Parliamentary time. The only course therefore seems to be to include its repeal in the main Bill and we cannot quite appreciate the Canadians' objections to it. The repeal of this Act is merely, from the Canadian point of view, consequential upon the Terms of Union and upon the main Bill giving effect to them, which is at the request of the Parliament of Canada. This is clear from Clause 50 of the Terms of Union to which they draw attention. We cannot quite understand the objection to referring in a British North America Act to a United Kingdom statute since of course the New-

foundland Act is already referred to in Clause 50 of Terms of Union. If the Canadians see any other course of action which we feel is practicable, we shall be glad to consider it, but it does seem to us that inclusion of this repeal in the main Bill is the most appropriate course and one to which no substantial objection can be raised.

4. *"Request and Consent."*

Parliamentary Counsel have expressed doubts as to whether the last paragraph of the preamble in the United Kingdom draft Bill is sufficient. They point out that it is so only on the assumption that everything in the Terms of Union can be brought within the words "the repeal, amendment or alteration of the British North America Acts, 1867 to 1930, or any order, rule or regulation made thereunder" so that the Terms are entirely within Section 7(1) of the Statute of Westminster. If their assumption is not correct, it seems that the United Kingdom Act confirming the terms would not have effect in Canada unless Canada specifically requests and consents to its enactment and the Act expressly declares that request and consent, so as to comply with Section 4 of the Statute of Westminster. We should like to know whether the Government of Canada would in these circumstances wish to "request and consent" and to have the Bill amended accordingly. We may add in explanation of above that argument would presumably be that as from moment when Bill becomes operative word "Dominion" in Section 4 will include Newfoundland as part of Canada and that Bill will therefore effect substantial alteration in law of Canada.

[PIÈCE JOINTE 3/ENCLOSURE 3]

Le sous-ministre adjoint de la Justice au chef, la direction du Commonwealth britannique

Assistant Deputy Minister of Justice to Head, British Commonwealth Division

Ottawa, January 14, 1949

Dear Doctor MacKay,

RE: DRAFT U.K. BILL TO CONFIRM AND GIVE EFFECT TO TERMS OF UNION BETWEEN CANADA AND NEWFOUNDLAND

Confirming our telephone conversation of this afternoon and with reference to the memorandum of the 13th instant from the Office of the High Commissioner for the United Kingdom, which was handed to you and me by Mr. Shannon in your office, yesterday, I beg to advise you that the Deputy Minister of Justice has agreed to the following two further amendments to Mr. Dale's draft of December 1, 1948 of the proposed United Kingdom Bill:

(a) The last "WHEREAS" clause of the preamble (which presently starts with the words "And whereas the Senate and House of Commons") to be replaced by the following:

"And whereas Canada has requested and consented to the enactment of the provisions hereinafter set forth, and the Senate and House of Commons of

Canada in Parliament assembled have submitted an address to His Majesty praying that His Majesty may graciously be pleased to cause a Bill to be laid before the Parliament of the United Kingdom for that purpose."

(b) The present section 2. should be renumbered "3." and the following should be inserted as section 2:

"2. (1) The Newfoundland Act, 1933, except subsections (2) and (3) of section three thereof, is repealed.

(2) This section shall come into force immediately before the expiration of the thirty-first day of March, 1949."

Incidentally, unless the United Kingdom practice in this connection has recently been changed, I think that it was through inadvertence that Mr. Dale put the numbers of the sections between brackets and that the numbering of the sections should read "1." etc. and the subsections should read "(1)." etc.

Yours truly,

C. STEIN

949. 10300-B-40

Extrait d'une lettre du haut commissaire adjoint de Grande-Bretagne au chef, la direction du Commonwealth britannique

Extract from Letter from Deputy High Commissioner of Great Britain to Head, British Commonwealth Division

IMMEDIATE Ottawa, January 18, 1949

Dear Dr. MacKay,

Thank you for your letter of 15th January about the proposed changes in the text of the draft British North America Bill, 1949.

2. We have now heard from London that the authorities there very much appreciate the agreement of the Canadian officials to recommend that the Bill should include a clause to repeal most of the Newfoundland Act, 1933. As regards the exact wording of the new clause for this purpose, I sent back the draft text suggested at (b) of Mr. Stein's letter of 14th January, explaining that this was merely a tentative suggestion which would be acceptable to the Canadian authorities if it were acceptable to those concerned in London. The message which we have now had from London expresses a preference for the following wording:

"In accordance with the preceding section the provisions of the Newfoundland Act, 1933, other than sub-sections (2) and (3) of Section 3 thereof (which relate to fulfilment of a guarantee given under sub-section (1) of that section), shall be repealed as from the coming into force of the said Terms of Union."

3. The authorities in London agree to the wording of the last clause of the preamble as set out at (a) of Mr. Stein's letter of 14th January.

4. I enclose the full text of the United Kingdom draft Bill as it now stands, including the new London version of clause 2. If this is agreed here at the official

level, we should be grateful if it could now be submitted for any necessary Ministerial approval. The message from London asks if it would be possible for this to be conveyed by 20th January. This is cutting things rather fine, but, if it is not possible to let them know by 20th January, those concerned in London would appreciate it if they could be informed at the earliest possible date thereafter.

5. The present draft text has been telegraphed to the Newfoundland Government.

. . .

Yours sincerely,
G. B. SHANNON

950. 10300-B-40

Le directeur, la direction de la politique économique, le ministère des Finances, au chef, la direction du Commonwealth britannique

Director, Economic Policy Division, Department of Finance, to Head, British Commonwealth Division

Ottawa, January 19, 1949

Dear Sir,

In commenting upon the proposal of the United Kingdom authorities to repeal the Newfoundland Act, 1933 with the exception of Section 3, subsections (2) and (3), we find that we are handicapped by a lack of knowledge of the technical details of the conversion issue provided for in the Loan Act, 1933, especially those details arising out of Section 4, subsection (2) of the Loan Act. In particular we have no definite knowledge that the guarantee of the United Kingdom Government is actually endorsed upon the bonds issued by the Newfoundland Government in pursuance of the terms of this Act.

Assuming that this endorsement does exist, the repeal of Section 3, subsection (1), of the Newfoundland Act, 1933 would not affect the guarantee of the United Kingdom Government with respect to those bonds which have already been issued. The repeal of the general guarantee set out in subsection (1) would, however, affect two classes of bondholders:

(a) holders of original Newfoundland securities which have not yet been converted to stock under the terms of the Loan Act, 1933, and

(b) holders of bearer bonds converted under the Loan Act, 1933 who wish to exchange their bearer bonds for registered stock.

In both cases new bonds would have to be issued and if subsection (1) were repealed, there would be no authority for a British guarantee on the new bonds.

In practice, the assumption by the Government of Canada of the primary obligation in connection with these bonds should satisfy the bondholders. On the other hand, however, some of them may feel that they have a right to the secondary guarantee by the United Kingdom Government, which was provided under the terms of the Loan Act, 1933.

After consultation with my Deputy Minister, I suggest, therefore, that a query be raised with the United Kingdom Government as to the implications of the repeal of Section 3, subsection (1), of the Newfoundland Act, 1933 with respect to these two classes of bondholders. The query should say that while the Canadian Government is not directly concerned in the relationship between the United Kingdom Government and the bondholders and could not accept any responsibility for the decision taken in this particular matter, it felt that some of the possible implications might have been overlooked.

Yours truly,

M. W. SHARP

951. 10300-B-40

Mémorandum du chef, la direction du Commonwealth britannique

Memorandum by Head, British Commonwealth Division

Ottawa, January 21, 1949

UNITED KINGDOM BILL TO CONFIRM TERMS OF UNION WITH NEWFOUNDLAND

Mr. Shannon, of the United Kingdom High Commissioner's Office, called on me at my office yesterday afternoon to discuss the text of the above U.K. Bill. I told him that the draft as forwarded in his letter of January 18 was acceptable to Justice and ourselves at the official level and was now being sent up to the Minister of Justice.

I noted, however, that Finance had raised the question whether the U.K. authorities had considered whether section 3(1) of the Newfoundland Act, 1933 should not also be preserved for the protection of the bondholders. (See letter attached from Mr. Sharp of January 19, 1949.) I said we did not wish to suggest the retention of section 3(1), since protection of the bondholders was not our responsibility, and that we were not familiar with the contract made with the bondholders, but that we were merely raising the point in case the U.K. authorities had overlooked it. I gave Mr. Shannon a copy of Mr. Sharp's letter of January 19 for his guidance if he wished to mention the matter to the U.K. authorities.

R. A. M[ACKAY]

952. 10300-B-40

Projet d'une résolution à être présentée au Parlement du Canada[202]

Draft Resolution to be presented to the Canadian Parliament[202]

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[202] Ceci était une partie de l'adresse conjointe qui devait être présentée à Sa Majesté le Roi afin de confirmer les Conditions de l'union. Voir le document 868.

[202] This was part of the Joint Address that was to be presented to His Majesty the King to confirm the Terms of Union. See Document 868.

That whereas by memorandum of agreement, entered into on the eleventh day of December, 1948 between Canada and Newfoundland, the Terms of Union of Newfoundland with Canada were agreed to subject to approval by the Parliament of Canada and the Government of Newfoundland;

And whereas the Terms of Union provide that they shall come into force immediately before the expiration of the thirty-first day of March, 1949, if His Majesty has theretofore given His assent to an Act of the Parliament of the United Kingdom of Great Britain and Northern Ireland confirming the same;

And whereas the Terms of Union have been approved by the Parliament of Canada;

A humble address be presented to His Majesty, the King, in the following words . . . [203]

953. PCO-CRF

Extraits d'un mémorandum du président, le Comité de direction, le Comité interministériel sur Terre-Neuve, au Cabinet

Extracts from Memorandum from Chairman, Steering Committee, Interdepartmental Committee on Newfoundland, to Cabinet

Ottawa, January 22, 1949

Briefly set out hereunder are some of the outstanding questions relating to Newfoundland that require consideration and decision by the Cabinet.

. . .

II. DRAFT U.K. BILL CONFIRMING UNION

For [some] time past, officials of the United Kingdom High Commissioner's office, the Department of Justice and the Department of External Affairs have been holding discussions on the text of the draft U.K. Bill to be incorporated in the Canadian address to His Majesty seeking confirmation of the Terms of Union.

It has been agreed at the official level, amongst other things, that neither the Statute of Westminster nor the British North America Acts required amendment. Canadian officials were of opinion that it would also be unnecessary to include the repeal of the Newfoundland Act, 1933, in the Bill. U.K. officials however indicated that in their view the repeal of the Newfoundland Act, 1933, was necessary, with the exception of sub-sections (2) and (3) of section 3 relating to the United Kingdom guarantee of Newfoundland bonds. Following further consultations, the London views were accepted by the Canadian officials and it was agreed that the United Kingdom Bill should provide for the repeal of the Newfoundland Act, 1933, with the exception of section 3, sub-sections (2) and (3).

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[203] La note suivante était écrite sur ce document:

[203] The following note was written on the document:

Draft of address sent up by Dep[uty] Min[ister] Justice to the Minister. Jan. 21/49 R. A. M[ACKAY]

The full text of the draft United Kingdom Bill, as agreed to at the official level, is attached hereto (Appendix 1) for consideration by the government.

It is understood that a draft motion for an Address to His Majesty, including the complete text of the U.K. Bill, has now been submitted to the Minister of Justice.

. . .

954. 10300-B-40

Extrait d'un mémorandum du ministère des Affaires extérieures

Extract from Memorandum by Department of External Affairs

SECRET Ottawa, January 25, 1949

NEWFOUNDLAND; ELECTORAL DISTRICTS; UNITED KINGDOM LEGISLATION; INDIAN AFFAIRS

At the meeting of the Cabinet on January 25, it was agreed:

. . .

(b) that the Parliamentary Address to His Majesty seeking confirmation by the U.K. Parliament of the Terms of Union contain no reference to the repeal of the Newfoundland Act, 1933, nor to any other specific legislation by the U.K. Parliament but merely request an Act to confirm and give effect to the terms of union, subject to such other legislative action by the United Kingdom as the U.K. and Newfoundland governments might consider to be necessary or advisable in the circumstances; Justice and External Affairs to arrange accordingly with U.K. authorities and a new draft measure for introduction to Parliament to be prepared and submitted for consideration;

. . .

955. FCO

Procès-verbal d'une réunion de la Commission pour Terre-Neuve[204]

Minutes of a Meeting of the Commission of Government of Newfoundland[204]

MINUTES OF THE ONE THOUSAND AND EIGHTY-FOURTH MEETING OF THE COMMISSION OF GOVERNMENT HELD IN GOVERNMENT HOUSE ON WEDNESDAY, JANUARY 26TH, 1949, FROM 10 A.M. TO 1 P.M., AND FROM 3 TO 5 P.M.

His Excellency the Governor presided.

All the Commissioners were present.

55-'49

[204] Voir le document 971.

[204] See Document 971.

J. 3-'49. After consideration of this Memorandum,† and an examination of the relevant documents circulated by the Commissioner for Justice on the 19th instant, the terms were approved of a Telegram to the Secretary of State.

The Secretary for Finance was present during part of the discussion.

W. J. CAREW
Secretary

956. 10300-B-40

Mémorandum de l'officier juridique, le ministère de la Justice, au sous-ministre de la Justice

Memorandum from Legal Officer, Department of Justice, to Deputy Minister of Justice

Ottawa, February 1, 1949

I discussed with Mr. Shannon the latest U.K. proposals regarding the Address for the U.K. Bill confirming the Terms of Union.

I attach hereto a new draft of the Motion for the Address.[204a] This draft is acceptable to the U.K. authorities and so far as I can see should be acceptable to Canada.

The U.K. authorities would like to have a reply before the 3rd of February. Possibly the Minister of Justice might be able to take this matter up with his colleagues before then.

E. A. D[RIEDGER]

957. 10300-B-40

Le sous-secrétaire d'État par intérim aux Affaires extérieures au haut commissaire adjoint de Grande-Bretagne

Acting Under-Secretary of State for External Affairs to Deputy High Commissioner of Great Britain

SECRET Ottawa, February 2, 1949

Dear Mr. Shannon,

ADDRESS OF THE CANADIAN PARLIAMENT REQUESTING UNITED KINGDOM LEGISLATION CONFIRMING UNION WITH NEWFOUNDLAND

I refer to our meeting of yesterday on the above subject.

I am pleased to advise you that Cabinet has agreed to the draft of the Address which we agreed to yesterday at the official level. I enclose three copies of the draft referred to.

[204a] Voir le document 868.

[204a] See Document 868.

It is understood from our discussions on the matter that the United Kingdom authorities think it essential to include provisions regarding the repeal of the Newfoundland Act, 1933. It will be appreciated that the Canadian Government does not wish to express any opinion on this matter or to assume any responsibility for including or excluding such provisions. At the same time it is thought that the present wording will not preclude the United Kingdom from including such provisions should it be decided that they are necessary.

We shall await confirmation of the draft by the United Kingdom authorities before taking further action. An early reply would be appreciated since it is desired to put the Address on the Order Paper as soon as possible.

Yours sincerely,

R. A. MACKAY

958. 10300-B-40

Le haut commissaire adjoint de Grande-Bretagne au chef, la direction du Commonwealth britannique

Deputy High Commissioner of Great Britain to Head, British Commonwealth Division

851/61 Ottawa, February 7, 1949

IMMEDIATE. SECRET.

Dear Dr. MacKay,

LEGISLATION ABOUT NEWFOUNDLAND

With further reference to your letter of 2nd February, a telegram has now been received from London to say that the United Kingdom Government are quite content that the Canadian Parliamentary Address for the British North America Bill should be worded in the form of the enclosure to your letter.

2. The United Kingdom authorities, after full consideration, do think it essential to repeal the Newfoundland Act, 1933, except Section 3, and therefore propose to include in the British North America Bill a clause for this purpose between the two clauses set out in the draft Canadian Parliamentary Address.

3. I enclose for your information the text of the draft British North America Bill as it now stands in London. The position of the Canadian Government with regard to the additional clause about the Newfoundland Act is fully understood.

4. I am sending a copy of this letter and the enclosure to Mr. Driedger at the Department of Justice.

Yours sincerely,

G. B. SHANNON

959. 10300-B-40

Extraits d'un mémorandum du ministère des Affaires extérieures

Extracts from Memorandum by Department of External Affairs

SECRET Ottawa, February 8, 1949

PARLIAMENT; LEGISLATION; NEWFOUNDLAND

At the meeting of the Cabinet on February 8th, it was agreed:

. . .

(c) that the Motion for an Address to His Majesty seeking confirmation of the terms of union be forwarded to the Clerk of the House of Commons.

960. 10300-B-40

Extraits d'un télégramme du secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne

Extracts from Telegram from Secretary of State for External Affairs to High Commissioner in Great Britain

TELEGRAM 316 Ottawa, February 17, 1949

IMMEDIATE. SECRET. Union of Canada and Newfoundland Procedure re Address.

1. I am sending you today by airmail six copies of the Canadian Bill approving the Terms of Union as passed by the House on third reading. This Bill contains the text of the Terms of Union which will, of course, form part of the Address to His Majesty. I am also sending by airmail six copies of the Address itself as approved by the House of Commons.

. . .

4. It has been planned that, following approval by both Houses, the engrossed Address will be transmitted direct from the House of Commons to Government House. I am informed also that Government House will keep the King's Private Secretary fully advised of each stage; e.g. when the Senate has approved the Address and when the formal Address has been received at Government House. It may be, therefore, that the King's Private Secretary will wish to have from you copies of the Terms of Union and the Address as approved by the House of Commons prior to the receipt by him of the formal Address.

5. I will, of course, telegraph you when the Senate's approval has been forthcoming and when the formal Address has been delivered to Government House.

6. For our part we would like to be kept fully and immediately advised of the course of events in London relating to the approval of His Majesty and the enactment of the necessary legislation.

7. Present indications are that the Canadian statute approving the Terms of Union will have third reading in the Senate today and receive the Royal Assent tomorrow. It is also conceivable that the Address will be approved by the Senate tomorrow.

961. 10300-B-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne

Secretary of State for External Affairs to High Commissioner in Great Britain

TELEGRAM 333 Ottawa, February 18, 1949

IMMEDIATE. SECRET. Newfoundland.

Further to my telegram No. 316 of yesterday I have to advise that the Senate late yesterday passed the Newfoundland Bill and also approved the Address to His Majesty. It is expected that the Bill will receive the Royal Assent about 6:00 p.m. today. Unofficially, I understand from Dr. Beauchesne that the Address, when finally engrossed and signed by the Speakers, will be transmitted direct to Government House. This is expected to take place on Monday, February 21. I will, of course, confirm this later.

962. 10300-B-40

Le secrétaire adjoint du Gouverneur Général au conseiller juridique

Assistant Secretary to the Governor General to Legal Adviser

Ottawa, February 18, 1949

Dear Mr. Hopkins,

As agreed in our recent telephone conversations, I enclose herewith copies of telegrams exchanged between the Secretary to the Governor General and the Private Secretary to The King on the subject of the address of both Houses of Parliament to His Majesty the King, relating to the union between Canada and Newfoundland.

Yours sincerely,

J. F. DELAUTE

[PIÈCE JOINTE 1/ENCLOSURE 1]

Le secrétaire du Gouverneur Général au secrétaire particulier du Roi

Secretary to the Governor General to Private Secretary to the King

TELEGRAM Ottawa, February 17, 1949

CONFIDENTIAL. On Wednesday the 16th February House of Commons adopted an address praying that His Majesty the King may be pleased to cause to be laid before the Parliament of the United Kingdom a measure confirming and giving effect to the terms of union agreed between Canada and Newfoundland. It is expected that the Senate will adopt a similar petition within the next few days. As soon as the text of the address as adopted by both the Senate and the House of

Commons is presented to the Governor General, I shall forward it to you by air bag and advise you accordingly by telegram. Pending adoption by Senate Canadian Government is communicating to High Commissioner in London the text of the petition and the terms of union as adopted by the House of Commons, with instructions that he keep himself at your disposal.

LETSON

[PIÈCE JOINTE 2/ENCLOSURE 2]

Le secrétaire particulier du Roi au secrétaire du Gouverneur Général

Private Secretary to the King to Secretary to the Governor General

TELEGRAM London, February 18, 1949

Your telegram of yesterday. I will await the arrival of address and am in communication with Canadian High Commissioner and with United Kingdom Ministers regarding necessary action.

LASCELLES

[PIÈCE JOINTE 3/ENCLOSURE 3]

Le secrétaire du Gouverneur Général au secrétaire particulier du Roi

Secretary to the Governor General to Private Secretary to the King

TELEGRAM Ottawa, February 18, 1949

Reference my telegram of February 17th and yours of the 18th. Address to His Majesty the King re Newfoundland has now been adopted by both the Senate and House of Commons. Royal Assent given this afternoon to Bill approving terms of union. Since engrossed address will not be presented to Governor General until next week His Excellency recommends that in order to expedite procedure in this case you obtain from High Commissioner the text of the address so that it may be laid before The King for such action as His Majesty may be graciously pleased to take pending receipt of formal document.

LETSON

963. 10300-B-40

Le haut commissaire en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

High Commissioner in Great Britain to Secretary of State for External Affairs

TELEGRAM 398 London, February 19, 1949

IMMEDIATE. SECRET. Your telegram No. 333, February 18th, Newfoundland.

At request of the King's Secretary we are today sending to Secretary at Sandringham a copy of the address and terms of union. Secretary had already heard

from Governor General that Senate and House of Commons have adopted address.

2. Secretary expects that the King will approve tomorrow, Sunday, the prayer in the address. Secretary will thereupon immediately telegraph notice of approval to Governor General. I presume that you will receive first word of approval from Governor General.

3. We are in close touch with Commonwealth Relations Office. Assuming that the King approves tomorrow, it is expected that Bill will appear on order paper on Tuesday.

964. 10300-B-40

Le secrétaire particulier du Roi au secrétaire du Gouverneur Général

Private Secretary to the King to Secretary to the Governor General

TELEGRAM Sandringham, February 20, 1949

Your telegram of February 18th. Text of the addresses from both the Houses has been communicated by the High Commissioner for Canada to The King who is pleased to approve the petition. Legislation in the United Kingdom Parliament will be initiated forthwith.

LASCELLES

965. 10300-B-40

Le haut commissaire en Grande-Bretagne au secrétaire d'État aux Relations avec le Commonwealth de Grande-Bretagne

High Commissioner in Great Britain to Secretary of State for Commonwealth Relations of Great Britain

London, February 21, 1949

My dear Secretary of State,

I am directed by the Government of Canada to communicate to you the text of an Address to His Majesty the King that was passed by the House of Commons of Canada on February 16th and by the Senate of Canada on February 17th. The Address contains a request that legislation be introduced into the Parliament of the United Kingdom to confirm the Terms of Union between Canada and Newfoundland, signed at Ottawa on December 11, 1948.

The formal Address is, I believe, being transmitted today by the Governor General of Canada to His Majesty. However, telegraphic notice of the contents of the Address has already been received by the King's Private Secretary from the Governor General, and His Majesty has approved the request contained in the Address, subject to the concurrence of the Government of the United Kingdom.

As you know, the plan is that the Union shall become effective at the end of March 31, 1949. The Canadian Government would therefore be most grateful if the proposed United Kingdom legislation could be enacted well before March 31st.

Sincerely yours,
N. A. ROBERTSON

966. 10300-B-40

Le secrétaire d'État aux Relations avec le Commonwealth de Grande-Bretagne au haut commissaire en Grande-Bretagne

Secretary of State for Commonwealth Relations of Great Britain to High Commissioner in Great Britain

London, February 21, 1949

My dear High Commissioner,

I write to thank you for your letter of 21st February, enclosing the text of an Address to His Majesty in regard to the union between Canada and Newfoundland.

Legislation is being introduced forthwith into the United Kingdom Parliament, and there would seem to be no reason why this should not be enacted well before the date mentioned in the concluding paragraph of your letter, i.e. 31st March, 1949.

Yours sincerely,
PHILIP NOEL-BAKER

967. 10300-B-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures[205]

High Commissioner in Newfoundland to Secretary of State for External Affairs[205]

TELEGRAM 118 St. John's, February 21, 1949

IMPORTANT. 1. The Governor informed me this morning that the Commission of Government have approved the terms of union.

2. The official Government statement on this subject, as published in the *Evening Telegram* this afternoon, cites Term 50 of the terms and states "the Commission of Government have considered the terms of union and the memorandum attached to the letter of the Right Honourable the Prime Minister of

[205]Ce télégramme fut signalé au Premier ministre.

[205]This telegram was referred to the Prime Minister.

Canada to the Chairman of the Newfoundland delegation, dated December 11th, 1948,[206] and have approved the terms."

968.

10300-B-40

Le haut commissaire en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

High Commissioner in Great Britain to Secretary of State for External Affairs

TELEGRAM 416

London, February 22, 1949

IMMEDIATE. RESTRICTED. My telegram No. 410, February 21st,† Newfoundland. Bill to confirm terms of union was given first reading in House of Commons today, Tuesday. I expect to have copies tomorrow.

969.

10300-B-40

Le haut commissaire en Grande-Bretagne au secrétaire d'État aux Affaires extérieures[207]

High Commissioner in Great Britain to Secretary of State for External Affairs[207]

TELEGRAM 611

London, March 23, 1949

MOST IMMEDIATE. My telegram No. 602, March 22nd, union with Newfoundland. The British North America Bill received Royal Assent today, Wednesday.

970.

10300-B-40

Mémorandum du bureau du Conseil privé au secrétaire du Cabinet[208]

Memorandum from Privy Council Office to Secretary to the Cabinet[208]

Ottawa, March 29, 1949

NEWFOUNDLAND; COMING INTO FORCE OF TERMS OF UNION

Section 50 of the Terms of Union provides that, given certain conditions, the Terms will come into force immediately before the expiration of the 31st day of March, 1949.

As you know, the question has recently arisen as to whether section 50 referred to midnight Ottawa time, London time or St. John's time.

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[206] Voir les documents 804 et 805.

[207] Ce télégramme fut signalé au Premier ministre.

[208] N. A. Robertson.

[206] See Documents 804 and 805.

[207] This telegram was referred to the Prime Minister.

I have discussed this matter with Mr. Varcoe, Mr. Stein and Mr. Driedger of the Department of Justice. Mr. Varcoe has told me orally that in his view the Terms of Union would come into force on March 31st, 1949 at midnight Ottawa time. He bases this conclusion on several factors the most important of which is probably that the Terms of Union empower the Governor in Council to proclaim certain federal statutes in force in Newfoundland. It would be inconceivable that the Governor in Council could so proclaim federal statutes in force before the Terms of Union became effective at Ottawa.

Mr. Varcoe has not given anyone a written legal opinion in this matter but he has indicated that if he were required to do so, the official opinion of the Department of Justice would no doubt be along the lines set out above.

I am sending a copy of this note to Mr. Hill and Mr. MacKay for their information.

P. P[ELLETIER]

971. FCO

Extrait du procès-verbal d'une réunion de la Commission pour Terre-Neuve
Extract from Minutes of a Meeting of Commission of Government of Newfoundland

MINUTES OF THE ONE THOUSAND AND NINETY-SIXTH MEETING OF THE COMMISSION OF GOVERNMENT HELD IN THE OFFICE OF HIS EXCELLENCY THE ADMINISTRATOR, JUDGES' CHAMBERS, ON MONDAY, MARCH 28TH, 1949, AT 10 A.M.

His Excellency the Administrator presided.

The following Commissioners were present:

The Honourable Commissioner for Justice
The Honourable Commissioner for Public Utilities and Supply
The Honourable Commissioner for Finance
The Honourable Commissioner for Public Health and Welfare
The Honourable Commissioner for Home Affairs and Education

The Minutes of the preceding Meeting' were read and confirmed.

301-'49

Minute of Commission No. 55-'49[209] was reconsidered, and as it did not fully record the decision of the Commission on the subject to which it is related, it was amended to read as follows:

55-'49. J. 3-'49. The Terms of Union of Newfoundland with Canada, as embodied in the Memorandum of Agreement signed at Ottawa on the Eleventh Day of December, 1948, were approved. This decision will be conveyed by Telegram to the Right Honourable the Secretary of State for Commonwealth Relations.

. . .

[209] Document 955.

SECTION B
JURISPRUDENCE
STATUTE LAW

972. 10477-40

Le haut commissaire par intérim à Terre-Neuve au chef, la direction du Commonwealth britannique

Acting High Commissioner in Newfoundland to Head, British Commonwealth Division

CONFIDENTIAL St. John's, August 17, 1948

Dear Mr. MacKay,

The Chief Justice, Sir Edward Emerson, tells me that he and his two colleagues desire to familiarize themselves with those aspects of Canadian law with which they will have to deal under Confederation. He has asked me if I would obtain for each of them a copy of the relevant statutes etc. I realize that this request may present some difficulties at this stage but it would nevertheless be appreciated, I am sure, if we were to comply as far as possible.

Yours sincerely,

PAUL A. BRIDLE

973. 10477-40

Le chef, la direction du Commonwealth britannique, au haut commissaire par intérim à Terre-Neuve

Head, British Commonwealth Division, to Acting High Commissioner in Newfoundland

CONFIDENTIAL Ottawa, August 25, 1948

Dear Mr. Bridle,

I refer to your confidential letter dated August 17th, 1948, regarding the request of the Chief Justice of Newfoundland to be supplied, he and his colleagues, with copies of the relevant Canadian Statutes.

2. It was noted that these gentlemen intend to familiarize themselves with those aspects of Canadian law with which they will have to deal under Confederation; in the present circumstances, the Department of Justice concurred with us that this request should be complied with as far as possible, and of course free of charge, although they are not yet members of the Canadian judiciary.

3. We are accordingly forwarding to you to-day by freight the following items:

(a) one set of the Revised Statutes of Canada, 1927, plus Amendments to date, (except 1932-1947 which are out of print); and,

(b) three copies of the Canadian Criminal Code, 1927, with Amendments up to 1947.

Copies of the Amendments which are presently out of print will be forwarded when available.

4. We shall endeavour at a later date to secure two other copies of the Revised Statutes; it is hoped that the publications listed above will be sufficient in the meantime to meet the Chief Justice's request.

Yours sincerely,

R. A. MACKAY

974. 10300-B-40

Extrait d'un mémorandum du ministère des Affaires extérieures

Extract from Memorandum by Department of External Affairs

SECRET Ottawa, December 1, 1948

NEWFOUNDLAND DISCUSSIONS; PROGRESS REPORTS

At the meeting of the Cabinet on December 1, a report was submitted on the progress of negotiations with the Newfoundland delegation.

The Cabinet noted the reports submitted and:

(a) approved the proposal for revision of the draft terms of union with respect to bringing into force of Canadian laws in Newfoundland;[210]

. . .

975. 10477-40

Mémorandum du ministère des Affaires extérieures

Memorandum by Department of External Affairs

SECRET Ottawa, January 5, 1949

PARLIAMENT; LEGISLATION; BILL TO AMEND VARIOUS STATUTES RE NEWFOUNDLAND

At the meeting of the Cabinet on January 5, approval was given to the preparation of a bill to amend various statutes by reason of the addition of Newfoundland as a Province of Canada; draft legislation to be prepared and submitted.

976. 10477-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

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[210]Voir la section (iv) "Passage d'une législation à l'autre" dans la pièce jointe du document 805.

[210]See section (iv) "Continuation of Laws" in enclosure of Document 805.

DESPATCH 17

Ottawa, January 24, 1949

Sir,

The two attached documents are copies of the first draft† of the Statute Law Amendment (Newfoundland) Bill which will be introduced at the forthcoming session of Parliament. The purpose of the Bill will be to implement certain arrangements for the prospective Union and to adapt the statutes concerned to Newfoundland as a Province.

2. The first draft is receiving the urgent attention of Canadian departments of government. I shall be obliged if you will transmit the attached copies to the Newfoundland authorities. If the Newfoundland Government should wish to make any comment, we should be grateful to know, as soon as possible, since the Bill must be introduced into Parliament at an early date.

I have etc.

R. A. MACKAY
for the Secretary of State
for External Affairs

977.

10300-B-40

Le haut commissaire adjoint de Grande-Bretagne au chef, la direction du Commonwealth britannique

Deputy High Commissioner of Great Britain to Head, British Commonwealth Division

Ottawa, February 1, 1949

Dear Mr. MacKay,

NEWFOUNDLAND; CONSEQUENTIAL BILL

As you know, it has been contemplated that, if the proposed union of Newfoundland with Canada is approved, an Act of the United Kingdom Parliament will be needed to deal with consequential matters in relation to United Kingdom legislation which applies or refers to Newfoundland.

2. I enclose a copy of a note† prepared as a result of preliminary consideration of the matter by the legal authorities in London. This sets out, with certain comments, the United Kingdom statutes which appear to require consideration — excluding the Statute of Westminster, 1931, the Newfoundland Act, 1933, and the British North America Acts, which, as you know, are being dealt with separately.[211] There may be other Acts which should be taken into account but it is thought that, whilst this point and the questions raised in the enclosed note are being further studied in London, it might be useful for the Canadian and Newfoundland authorities to be studying for themselves the provisional conclusions which have so far emerged.

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[211] Voir les documents 940 à 971.

[211] See Documents 940 to 971.

3. The United Kingdom authorities would accordingly be grateful if the Canadian authorities would consider the questions in the enclosed note with a view to informing the United Kingdom authorities of their views as soon as possible.

4. The note is also being sent to Mr. Walsh at St. John's with a similar request for comments.

Yours sincerely,

G. B. SHANNON

978. 10477-40

Extraits d'un mémorandum du ministère des Affaires extérieures

Extracts from Memorandum by Department of External Affairs

SECRET Ottawa, February 2, 1949

PARLIAMENT; LEGISLATION

At the meeting of the Cabinet on February 2, approval was given for transmission to Parliament of the following:

. . .

resolution to precede introduction of the Statute Law Amendment (Newfoundland) bill.

979. 10302-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM R8 St. John's, February 21, 1949

Department of Justice informs me that Varcoe has recently forwarded a very long list of statutes which it is proposed to bring into force by proclamation on the first day of April. May I suggest that External Affairs should screen these statutes as questions of policy are involved in the case of many statutes. I understand, for instance, that included in the list is the Criminal Code, which should certainly not be brought into force here on the first day of April, as it will cause the greatest confusion both for the lawyers and for the judges.

980. 10300-B-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 323 St. John's, February 22, 1949

Sir,

I have the honour to refer to your Despatch No. 28 of February 2† regarding the Statute Law Amendment (Newfoundland) Bill.

2. I enclose copies of a letter which I have today received from the Commissioner for Justice regarding the Bill. The Commissioner makes certain comments on the Bill in his capacity as Commissioner for Justice. He says that the Commission of Government have no comments to offer on the Bill.

I have etc.

PAUL A. BRIDLE
for High Commissioner

[PIÈCE JOINTE/ENCLOSURE]

Le commissaire à la Justice de Terre-Neuve au haut commissaire à Terre-Neuve

Commissioner for Justice of Newfoundland to High Commissioner in Newfoundland

St. John's, February 22, 1949

Dear Mr. Burchell,

I have your letters No. 5 of January 27th, 1949,† and No. 10 of February 7th, 1949,† referring to the Statute Law Amendment (Newfoundland) Bill, which is now, or will be very shortly, before the Canadian Parliament. With your first letter you sent two copies of the first print of the Bill, and with your second letter two copies of the reprint for the information and comments of the Commission of Government.

These prints have received some attention from the Department of Justice. Obviously, in the time at our disposal and due to the fact that we are somewhat unfamiliar with the Canadian statute law, it has not been possible to give to the Canadian statutes such study as would enable this Department to say without reservation that the amendments do what they are intended to do and that there are no other statutes which require amendment or application to Newfoundland. For example, it has been called to my attention that the Canada Medical Act, (Chapter 129 of the Revised Statutes of Canada, 1927) requires amendment and I am writing you separately concerning this to-day.

The statutes referred to in the Bill have been examined (though not fully) in this Department and on that examination the Bill appears to be in order. It is noted that some of the clauses in the reprint differ in some respects from the corresponding clauses in the first print. That apparently is the result of further consideration of the statute in each case to be amended or applied.

The Commission of Government have no comments to offer on the Bill. It is realized that if the Bill as presently drafted does not amend or adapt all the

statutes necessary to Newfoundland as a province, the Bill can be amended from time to time to apply the Canadian statute law to Newfoundland.

Yours faithfully,

A. J. WALSH

981. 10302-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

TELEGRAM R5 Ottawa, February 23, 1949

Following from Legal Adviser, Begins: I have discussed your telegram No. R8 of February 21 with the Department of Justice here. I am informed that the list forwarded to the Government of Newfoundland, in accordance with the arrangements provided for in paragraph (IV) of the "Statements on Questions Raised" of December 11, 1948,[212] represents the Statutes which, from the point of view of Canadian administration and as a matter of law, could be brought in force by proclamation on union. It is realized, of course, that it is possible that some of these Statutes, for administrative or other reasons, from the Newfoundland point of view, ought not to be proclaimed on union. It is equally apparent that there must be a proclamation on union bringing into force certain essential Statutes. All of this has been covered, I understand, in the communication addressed by the Department of Justice to the Newfoundland Authorities.

2. The Department of Justice has pointed out to me that it is most essential that an indication be received by March 15 at the latest as to which of the Statutes included in the list can safely be brought into effect on union. If serious doubts are entertained, the suggestion has been made by the Department of Justice here that action might be deferred unless, of course, the Statute is one which in order to prevent a hiatus from developing must come into force on union. It seems to me that it would be most useful if you could urge the Newfoundland authorities to give an indication of their views on this important matter as soon as possible and at any rate before March 15.

3. The Department of Justice is also particularly anxious that the Newfoundland authorities indicate as soon as possible and at the latest by March 15, the Newfoundland Statutes which are to be replaced by Canadian Statutes on union.

982. 10477-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

[212]Voir la pièce jointe du document 805.

[212]See enclosure of Document 805.

DESPATCH 384 St. John's, February 28, 1949

Sir,

I have the honour to enclose copies of clippings† from the St. John's *Daily News* of February 25 and 28 which contain articles commenting on Section 53 of the Statute Law Amendment (Newfoundland) Act. It will be recalled that this section provides that the bringing of certain goods to Newfoundland from other provinces shall be deemed to be importation for the period of one year as from the date of Union.

2. In an editorial entitled "Trade Between the Provinces" on February 25, the *Daily News* referred to the statement† on this subject issued by the Minister of Finance on December 13 and said that, while it was the Minister's intention to prevent "Canadian importers" from beating the austerity programme, it is difficult to see how he is going to check shipments from Newfoundland to Canada after Union. "There are no customs barriers between provinces," the newspaper remarked, "unless this island is to be treated as a different kind of province."

3. On February 28 the *Daily News* carried a news item which described the purport of Section 53 of the Act under reference and called it "an extraordinary regulation." It said that its purpose is "to prevent evasions of the Emergency Exchange Conservation Act by persons in Newfoundland who are seeking to profit themselves or to act as agents for Canadians who wish to bring into Canada goods on the prohibited or allocated imports lists." The story stated that "the goods are all those in Schedules I, II and III of the Conservation Act, and include virtually all important commodities consumed in the Dominion."

4. The story stated further:

"Although Finance Minister Abbott said in the House of Commons that the Newfoundland delegation accepted the point without question, agreeing that the action was necessary, one member of the delegation told the *Daily News* Saturday that this was not his recollection. He admitted that the question of possible evasions of the Exchange Conservation Act was raised by Mr. Abbott but said that nothing was discussed at any meeting he attended relative to the nature of the steps that the Canadian Government would take to protect itself."

The story then quotes the official report of the debate on this subject in the House of Commons on February 17.

5. On February 28 the *Daily News* carried a further editorial entitled "What Kind of Province." The editorial says "We agree that the Canadian Finance Minister should use all legal means to prevent frustration of the Exchange Conservation Act by smart-alec businessmen who may have been tempted to put money in the hands of Newfoundland agents to bring in restricted goods from the United States. But does Mr. Abbott have to go to the extent of making Newfoundland a different kind of province to accomplish his purpose?"

6. The editorial goes on to argue that there are other means by which people who may want to beat the Exchange Conservation Act may be restrained, and that in any case "nothing can justify a position which makes Newfoundland a foreign country for certain purposes." The opinion is expressed that "Mr. Abbott's law would (not) [*sic*] stand a chance of being sustained in the courts."

7. In the above editorials the *Daily News* refers to what it regards as other instances "of the desire of the Liberal Government to treat Newfoundland as a special kind of province." It refers to what it calls "the fact" that margarine cannot be exported to Canada and alleges that a Canadian Cabinet Minister proposed during the Ottawa negotiations that a Newfoundland sales tax could be collected by having all goods from Canada pass through customs.

8. The *Daily News* concluded its editorial of February 28 with the statement that "There is a big principle at stake in this proposal to make Newfoundland a different kind of province for a year after Union, and Mr. Abbott would do well to bear that in mind and to avoid establishing precedents of a highly dangerous character."

I have etc.

C. J. BURCHELL

983. 10477-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 346 St. John's, March 5, 1949

Sir,

I have the honour to report to you that I have discussed with certain representatives of Canadian banks and with their solicitors the question of the application on the first day of April of the Canadian Bank Act.

2. On enquiry from the Department of Justice here I understand that the Canadian Bank Act is one of the Acts which the Department of Justice, Canada, has suggested might be brought into force on the 1st of April.

3. I am informed that if the Bank Act is brought into force on that date it may cause a great deal of confusion in this country for the following reasons:

(1) In Newfoundland it has been possible to take security over flour and molasses when financing wholesale purchasers, shippers or dealers. As you know, these two commodities are of relatively much greater importance in the economy of Newfoundland than anywhere in Canada particularly in relation to the supplying of the fisheries during the months of April and May. It was for this reason no doubt that the Newfoundland legislature when enacting the Act provided specifically for security over flour and molasses.

(2) The Banks would like to have reasonable advance notice when and if the Bank Act is proclaimed in Newfoundland so that arrangements can be completed to obtain from customers notices of intention for registration as required under the Act. Some borrowing customers are engaged in business in outlying places where there is no bank or easy means of communication. My own feeling is that six weeks would not be too long a period to complete such arrangements. The

Banks are of course anxious that there should be no hiatus during which there might be a cloud on security by way of assignments of merchandise due to inability to comply with the technical provisions of the Bank Act.

4. The suggestion has been made to me that it would be very helpful if the Bank Act was not proclaimed in Newfoundland until say June 1st in this year, by which time the supplying of the fisheries will have been completed and flour and molasses will have moved out of the hands of dealers into the hands of fishermen.

5. A delay until the first of June will also permit the necessary Notices of Intention of Registration to be given, as required by the Canadian Bank Act.

6. In connection with the matter of flour and molasses, the Warehouse Receipts Act, being Chapter 210 of the Consolidated Statutes of Newfoundland, 1916, contains the following clause, being numbered Section 4:

"The Bank may lend money to any person engaged in business as a wholesale manufacturer of any goods, wares and merchandise, upon the security of the goods, wares and merchandise manufactured by him or procured for such manufacture.

(2) The bank may also lend money to any wholesale purchaser, or shipper of or dealer in products of agriculture, the forest, quarry and mine, or flour or molasses or to any wholesale purchaser or shipper of, or dealer in live stock or dead stock, and the products thereof, upon the security of such products, or flour, or molasses, or of such live stock or dead stock, and the products thereof."

7. Section 88, Subsection (1) (a) of the Bank Act, Canada, is as follows:

"88. The bank may lend money and make advances (a) to any wholesale purchaser or shipper of, or dealer in, products of agriculture, the forest, quarry and mine, or the sea, lakes and rivers, upon the security of such products."

8. You will note that the Newfoundland Act is very similar to the Canadian Act, except that for many years the words "flour and molasses" have been inserted in the Newfoundland Act.

9. If the Canadian Bank Act is not proclaimed until June 1st, the situation will be taken care of for this year. I understand, however, that next year and the following years it may cause some hardship and disruption of business if the banks cannot continue to lend on the security of flour and molasses.

10. I suggest the possibility, when the Canadian Bank Act is proclaimed and the corresponding Newfoundland Act repealed by proclamation by order-in-council, that Section 4, Subsection (2) of the Newfoundland Act may be exempted from the repealing clause.

I have etc.

C. J. BURCHELL

984. 10300-B-40

Le chef, la direction du Commonwealth britannique, au haut commissaire adjoint de Grande-Bretagne

Head, British Commonwealth Division, to Deputy High Commissioner of Great Britain

Ottawa, March 7, 1949

Dear Mr. Shannon,

NEWFOUNDLAND: CONSEQUENTIAL BILL

I am very sorry it has not been possible to reply sooner to your letter of February 1st regarding the United Kingdom statutes that appear to require consideration as a result of the proposed Union of Newfoundland with Canada.

The Canadian authorities are very grateful for the opportunity that has been given to them to examine the provisional conclusions of the United Kingdom authorities. The attached paper† makes a number of brief comments that have occurred to the Canadian authorities. It is not the intention, of course, to pass upon the desirability or the nature of any of the suggested consequential amendments.

Yours sincerely,

R. A. MacKay

985. 10477-40

Le secrétaire, la Banque du Canada, au sous-secrétaire d'État aux Affaires extérieures

Secretary, Bank of Canada, to Under-Secretary of State for External Affairs

Ottawa, March 17, 1949

Dear Sir,

RE: APPLICATION OF CANADIAN STATUTES TO NEWFOUNDLAND

We have today received your letter of March 16th† enclosing copy of a despatch dated March 5th from the High Commissioner for Canada in Newfoundland concerning the coming into force of the Bank Act.

The chartered banks have made representations to the Department of Finance and I am informed that they are communicating with you to express the view that the Bank Act should come into effect upon Confederation and explaining their reasons therefor.

Yours truly,

D. G. Marble
Secretary

986. 10477-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

TELEGRAM 293 Ottawa, March 17, 1949

IMMEDIATE. Following from MacKay, Begins:

1. Some time ago the Deputy Minister of Justice sent direct to Puddester a list of statutes which it is proposed to introduce as of April 1. The Newfoundland Government was asked for comments.

2. When I saw Puddester on Monday last he expressed great concern regarding the immediate application of certain statutes and seemed to feel that several should be applied only after notice. He said that he had written Driedger.[213] Driedger has not yet received any letter. It may, however, be doubted whether a letter from Puddester to Driedger would be sufficient evidence of the views of the Newfoundland Government to warrant delay in the application of federal statutes. In other words, we should probably have a formal communication from the Commission of Government, or at least a letter from Walsh as Commissioner for Justice.

3. Driedger advises that he must submit a report to Council by Monday next with respect to the application of statutes, in order to complete arrangements for their application as of April 1.

4. Would you please advise the appropriate Newfoundland authorities that if they have any objection to the application of any of these statutes they should advise us promptly in order that the Government may take their views into consideration. There would appear to be no reason why they could not forward their comments by your teletype. Ends.

987. 10477-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 205 St. John's, March 18, 1949

Following for MacKay, Begins: Your telegram No. 293 of March 17th.

Puddester as Secretary for Justice wrote Varcoe not Driedger under date of March 11th in which he gave a list of 205 Canadian Statutes which might be brought into force and 43 Newfoundland Statutes to be repealed. This letter was sent by surface mail in error and must have been delayed because of breakdown of railway service owing to washing away of bridge. It should however reach Ottawa today or tomorrow at the latest.

Under date of March 16th Puddester sent Varcoe an airmail letter† in which he mentioned 38 more Canadian Statutes which might be brought into force and 21 Newfoundland Statutes to be repealed.

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[213]Officier juridique, ministère de la Justice. [213]Legal Officer, Department of Justice.

I spent a couple of hours this morning with Walsh who has gone over these two letters and will confirm with some exceptions. He is now preparing a letter mentioning these exceptions and also mentioning other Statutes not included in Puddester's list which he does not think should be proclaimed. His letter will also mention additional Newfoundland Statutes which may be repealed. He has promised to send me this letter today or at the latest tomorrow morning and I will repeat it by teletype if teletype communication is restored and if not by telegram. Ends.

988. 10477-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 210 St. John's, March 18, 1949

Following for MacKay from Burchell, Begins: Reference your telegram No. 293 of March 17th and my telegram No. 205 of March 18th, following is complete copy of letter received from Walsh this evening:

Dear Mr. Burchell,

I refer to the telegram to you from the Secretary of State for External Affairs relating to the application of Statutes of Canada to Newfoundland immediately upon union. The Secretary for Justice — (words omitted — repetition requested) Canada about the different Statutes and has agreed that two hundred and forty-three of the Statutes on the list which was forwarded to the Secretary for Justice by the Deputy Minister with his letter dated January 26th, 1949, may be made applicable in Newfoundland on April 1st.

I have gone over the list and I agree that all the Statutes on the Deputy Minister's list, with the exception of those mentioned below, may be brought into operation immediately following union.

Application of the Statutes of Canada set forth on the Deputy Minister's list under the following headings should be deferred for the time being:

1. Bankruptcy.
2. Criminal Code.
3. Customs and fisheries protection.
4. Canada evidence.
5. Fish inspection.
6. Food and drugs.
7. Government harbours and piers.
8. Conciliation and labour.
9. Marriage and divorce.
10. Bank Act.
11. Juvenile delinquents.

12. Divorce jurisdiction.
13. Fisheries 1932.
14. Companies creditors arrangement.
15. Game export.
16. Explosives.
17. Industrial relations and disputes investigation.

It is also considered that the part of the Meat and Canned Foods Acts relating to fish should be deferred.

Insolvency in Newfoundland is provided for under the Judicature Act and the Canadian Bankruptcy Act is rather a comprehensive one. The Judges and legal practitioners, as well as the general public, should have an opportunity to study this Act before it is brought into operation here. The same observation applies in the case of the Criminal Code, and it is suggested that the application of the Code may be deferred until about September 1st next. The Canada Evidence Act may be proclaimed on the same date as the Criminal Code and, as a juvenile delinquent is defined as any child who violates any provision of the Criminal Code, etc., and the provisions of the Criminal Code relating to summary convictions apply in the case of trials under the Act, it is considered that the Juvenile Delinquents Act should not be brought into operation before the Code.

Term twenty-two of the terms of union deals with fisheries and provides for the continuance of certain Newfoundland Acts in so far as they relate to the export marketing of the salted fish. These fisheries laws also make provision for inspection of salted fish intended for export, and it is considered that the legislation of Newfoundland and of Canada relating to these matters should be carefully examined before the Canadian laws are brought into effect in Newfoundland and inconsistent Newfoundland laws repealed. These observations apply to the Statutes relating to fish inspection, meat and canned foods and the Fisheries Act of 1932. The Chairman of the Newfoundland Fisheries Board is visiting Ottawa in a few days and he will discuss the matter with the Department of Fisheries.

The Newfoundland Food and Drugs Act covers matters which will, after union, be within Federal jurisdiction, and other matters which will be within Provincial jurisdiction. Dominion and Provincial matters are dealt with in different sections of the Act and in some cases in different parts of the same section. These matters are so intermingled in the Act that they are not easily divisible. The better course would be to defer the application of the Federal Act until a new Provincial Food and Drugs Act has been prepared for enactment by the Provincial Legislature. It seems that this Act is one the repeal of which would come within clause three of term eighteen.

The Department of Public Works has requested that the application of the Statutes relating to Government harbours and piers, conciliation and labour, and industrial relations and disputes investigation be deferred until the officials of that Department have had the opportunity of giving them further study.

It is not considered desirable that the Statutes relating to marriage and divorce and divorce jurisdiction should be brought into operation immediately upon union. These Statutes deal with actions in Courts having jurisdiction to grant divorce, but the Newfoundland Courts have no such jurisdiction.

The Newfoundland Warehouse Receipts Act, chapter two hundred ten of the Consolidated Statutes, authorizes a bank to lend money on the security of flour and molasses. It is understood that this is not permitted under the Bank Act of Canada. There will be substantial importations of flour into Newfoundland within the next two months and it is desirable that the Newfoundland Act continue in operation during that period. When the question of repeal of this Act is being considered, consideration should be given to the provision of a saving clause in respect of advances made on security of these commodities.

Sufficient study has not been given by the Departments concerned to the Statutes dealing with companies creditors arrangement and explosives but we hope to be able to clear these within the next few days.

With respect to game export it is noted that the Statute has effect in a Province upon proclamation, when requested by the Province (section twelve). It is considered that the request in this case should come from the new Province, and it appears doubtful whether it can be brought into operation otherwise.

I may mention here that Chapters 206 and 207 of the Newfoundland Consolidated Statutes (Third Series) should not be repealed. We are introducing legislation within the next few days to provide that these Acts will not apply to railways the title to which is in His Majesty. They will continue to operate in respect of privately-owned railways within the Province, of which there are two owned by the Anglo-Newfoundland Development Company Limited.

Before Chapter 43 of the revised Statutes of Canada entitled "An Act to Protect the Customs and Fisheries" is brought into operation in Newfoundland, the rights enjoyed by the United States under the Convention of October 20th, 1818, and by France under the Convention of 8th of April, 1904, should be studied.

I shall write you separately about the list of Newfoundland Statutes to be repealed.

Yours faithfully,

SIGNED: A. J. WALSH,
Commissioner for Justice.

Ends.

989. 10477-40

Le sous-ministre adjoint du Commerce au sous-secrétaire d'État aux Affaires extérieures

Assistant Deputy Minister of Trade and Commerce to Under-Secretary of State for External Affairs

Ottawa, March 19, 1949

Dear Sir,

ATTENTION: MR. K. F. BURBRIDGE

RE: APPLICATION OF CANADIAN STATUTES TO NEWFOUNDLAND. YOUR FILE NO. 10300-E-40

Your letter of March 16th,† addressed to the Deputy Minister of Trade and Commerce, has been referred to me for reply.

The suggestions outlined in Mr. Burchell's letter[214] in connection with the proclamation date of the Canadian Bank Act seem reasonable in view of the importance of flour and molasses in the Newfoundland economy. Furthermore, it would be consistent with established practice applicable to commodities of importance to other parts of Canada. It would also seem advisable for the Newfoundland banks to continue to lend money to wholesale purchasers, shippers and dealers on the security of those two commodities.

Provided there is no technical obstacle, this department, therefore, would be quite in accord with any arrangement that might be made to postpone the proclamation of the Canadian Bank Act until June 1st, and to exempt Section 4, Subsection (2) of the Newfoundland Bank Act when that Act is repealed.

Yours very truly,

ALEX SKELTON

990. 10477-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

TELEGRAM 322 Ottawa, March 19, 1949

IMMEDIATE. Your telegrams Nos. 205 and 210, Application of federal statutes. The following from MacKay, Begins:

1. Letter from Walsh referred to not yet received, but Driedger advises that list of statutes and comments in second telegram above should be very satisfactory.

2. Driedger wrote Puddester subsequent to sending main list and suggested application of following additional statutes: Emergency Exchange Control Act, Continuation of Transitional Measures Act, 1947 (except rent control), Wheat Board Act, Trading with the Enemy Act, Export and Import Permits Act. The letter from Walsh transmitted in your telegram does not seem to refer to these Acts. Please confirm whether the application of the above five Acts would be satisfactory to the Newfoundland Government.

3. Driedger hopes to have final list ready for Monday and we shall advise you regarding final list as soon as possible. Meantime, please thank Walsh and convey to him Driedger's impressions. Ends.

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[214] Document 983.

991. 10477-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

TELEGRAM 323 Ottawa, March 21, 1949

IMMEDIATE. Your telegram No. 210 of March 18.

Walsh says in his letter to you that he is forwarding a list of Newfoundland statutes to be repealed. It would be appreciated if this list could be sent promptly since they would be covered in the same proclamation as that providing for application of Canadian statutes.

992. 10477-40

Le commissaire à la Justice de Terre-Neuve au haut commissaire à Terre-Neuve

Commissioner for Justice of Newfoundland to High Commissioner in Newfoundland

St. John's, March 21, 1949

Dear Mr. Burchell,

I refer to the telephone conversation between Mr. Bridle and the Secretary for Justice in connection with the telegram† received late on Saturday, the 19th, dealing with five other Canadian statutes which the Canadian Government would wish to be applicable in Newfoundland at the date of Union.

These statutes are:

1. Export and Import Permits Act.
2. Trading with the Enemy (Transitional Powers) Act.
3. Wheat Board Act.
4. Emergency Exchange Conservation Act.
5. Continuation of Transitional Measures Act. (Except the leasehold regulations made under the Act).

I agree that the first four statutes listed above may be made applicable in Newfoundland at the date of Union. Further time will be needed for study of the Continuation of Transitional Measures Act and I hope to be able to give you an answer shortly.

Yours faithfully,

A. J. WALSH

993. 10477-40

Extrait d'un télégramme du secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Extract from Telegram from Secretary of State for External Affairs to High Commissioner in Newfoundland

TELEGRAM 342 Ottawa, March 22, 1949

IMMEDIATE. Application of federal statutes.

2. Justice expect that their report to Council recommending a proclamation to bring federal statutes into force in Newfoundland on April 1 and to repeal certain conflicting Newfoundland statutes will be considered tomorrow Wednesday. The following schedules are those attached to the report. They are sent to you for information of Newfoundland government. We shall notify you promptly of approval by Council and of any changes made during consideration of the report.

. . .

994. PCO-CRF

Mémorandum du secrétaire du Cabinet au Cabinet

Memorandum from Secretary to the Cabinet to Cabinet

SECRET Ottawa, March 23, 1949

NEWFOUNDLAND; PROCLAMATION OF FEDERAL STATUTES

Attached hereto is a list† of 269 federal statutes which it is proposed to proclaim in force in Newfoundland on the first day of April, 1949. Also attached as a second schedule is a list† of Newfoundland statutes which are to be repealed on the same date.

Both lists have been drawn up by the Department of Justice in consultation with Newfoundland authorities. The Continuation of Transitional Measures Act, included in the legislation to be proclaimed in force on April 1st, is the only statute on which no views have been expressed by the Newfoundland government.

There will remain 31 federal statutes applicable to Newfoundland which will require to be proclaimed in force in the new province at a later date.

N. A. ROBERTSON

995. 10477-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELETYPE R. 27 St. John's, March 24, 1949

Your teletype No. R. 21 of March 24th,† application of Bank Act and Bankruptcy Act to Newfoundland on April 1st. Newfoundland has made no agreement as mentioned in your telegram. There has been no change in regard of these two Statutes from the position stated by Walsh in his letter to me of March 18th[215] in which he asked that both these Acts should be deferred for the time being.

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[215] Voir le document 988.

[215] See Document 988.

996. 10477-40

Extraits d'un télégramme du haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Extracts from Telegram from High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 238 St. John's, March 24, 1949

IMMEDIATE. I have received today the following letter from Sir Albert Walsh, Commissioner for Justice:

"I acknowledge receipt of your letter of March 23rd† with which you forwarded a copy of telegram to you from the Secretary of State for External Affairs[216] setting forth the schedule of Canadian Statutes to be brought into force in Newfoundland on the 1st April by proclamation and a schedule of Newfoundland Acts to be repealed in the same proclamation.

In my letter to you of March 18th I dealt with the Canadian Statutes to be brought into operation in Newfoundland and I note that the schedule does not include the seventeen statutes which I suggested should be deferred. I note also that the list of Canadian Statutes in the schedule to the Secretary of State's telegram does not include the following which were included in the list forwarded by the Deputy Minister.

1. Civil Service Widows Annuities, 1927 Chap. 74
2. Royal Canadian Mint, 1931 Chap. 48
3. Admiralty, 1934 Chap. 31.

I did not request that these three be deferred and possibly they have been omitted in error.

I refer to my letter to you of March 21st in which I agreed that four additional statutes might be brought into operation. I note the continuation of Transitional Measures Act, 1947 is included in the list of Canadian Statutes set forth in the telegram to you. In my letter I indicated that further time was necessary for study of this act. Indeed our price control regulations are made under the Emergency Powers (Defence) Act and the commissioner concerned considers that the question raised is one of policy, and decision of the Commission of Government should be taken. This matter will be brought to the attention of the Commission at a meeting today and you will be informed of their views.

From the second schedule which sets forth the conflicting Newfoundland Statutes to be repealed, I note a number of omissions from the lists sent with the letters of the Secretary for Justice to the Deputy Minister of Justice dated March 11th and March 16th. These are as follows:

. . .

The above list includes a number of acts that amend original acts and it is possible that the Department of Justice has in mind repealing the original acts

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[216]Voir le document 993.

[216]See Document 993.

with all amendments thereto, or that they consider that the repeal of the original act will be sufficient. We prefer, however, to have the acts specifically referred to in the proclamation so that there will be a record of the amendments of these acts. I note that the Carriage of Goods by Sea Act is omitted, while the Carriage of Goods by Air Act is included. I cannot think of any reason for this omission.

I attach a further list of Newfoundland Statutes which may be repealed by the proclamation which will be issued on April 1st. From the list as drafted Numbers 9 and 30 have been deleted. I have already mentioned that our price control orders have been made under authority of the Act No. 25 of 1940 and that the question is to be considered by the Commission of Government.

In the letter from the Secretary for Justice to the Deputy Minister of Justice of Canada, dated March 16th,† reference is made to the desirability of having a saving clause in respect of rights acquired and penalties incurred under acts that are being repealed. This would apply in respect of the repeal of such statutes as Recovery and Rate of Interest, Chapter 189 of the Consolidated Statutes, and copyrights, Chapter 153 of the Consolidated Statutes and the Carriage of Goods by Sea and by Air Acts. The Canadian Legislation will take effect as from the 1st of April and at the time of taking of any action the relevant Newfoundland Statutes will have been repealed. I refer also to the Act No. 4 of 1939 dealing with trading with the enemy. Under that Act the office of Custodian of enemy property is constituted and enemy property is vested in him while Newfoundland claims are registered with him. On repeal of that Act and application of the Canadian Statute the position of property in his hands, and Newfoundland claims, should be considered. It is possible that an amendment to the Canadian Statute would be necessary to have it apply in respect of such property and such claims.

I refer also to the act No. 6 of 1942 entitled 'An Act to Amend the Customs and Excise Act, 1948.' This amendment was designed to protect the Newfoundland revenue in respect of transfers of goods which came into Newfoundland free of duty, or at a reduced rate of duty, under the provisions of special acts or under exemption granted by the Newfoundland Revenue Act. It is considered that if this act is repealed (and I have mentioned it as one of those omitted from the second schedule to the Secretary of State's list) provision should be made requiring payment of duty on transfers of goods imported into Newfoundland duty-free or at a lower rate of duty, before union date and transferred in Newfoundland after union date. In the circumstances it may be considered advisable to defer the repeal of this amendment and the Customs Act, with the exception of Section 122 as enacted by the Act No. 6 of 1942, would be repealed in the proclamation.

In my letter to you of March 18th I asked that the Canadian Statute dealing with explosives (1946 Cap. 7) should be deferred. It is now agreed that this may be included in the first schedule in the proclamation.

Under some of the Newfoundland Statutes proposed to be repealed by the proclamation, regulations have been made. Under authority of the acts or the regulations, proclamations and orders have been issued. The repeal of all such regulations, orders and proclamations should be specifically mentioned in the Canadian proclamation." Letter ends.

2. Attached to his letter is the following schedule which he has marked third list:

. . .

3. You will notice that there is no Number nine or Number thirty on the list but this is explained by the fact that on the list he sent me there were two acts, Numbered 9 and 30, which were struck out with a pen and evidently he does not think it necessary to have them repealed.

997. 10302-40

Le chef, la direction du Commonwealth britannique, au haut commissaire à Terre-Neuve

Head, British Commonwealth Division, to High Commissioner in Newfoundland

Ottawa, March 24, 1949

Dear Mr. Burchell,

I enclose three copies of the following lists of Statutes:

(a) Statutes of the Parliament of Canada to come into force in the Province of Newfoundland April 1, 1949;

(b) statutes of Newfoundland to be repealed on the first day of April, 1949.

These lists were submitted to Council on March 21, as you have been advised by teletype. You have also been sent the above lists by teletype.

Please forward two copies of the above to the Newfoundland authorities for their records.

Yours sincerely,

R. A. MacKay

998. 10477-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

Telegram 381 Ottawa, March 25, 1949

Teletype No. 238 of March 24, Walsh's letter on application of Canadian Statutes.

1. Please advise Walsh as follows:

2. The Civil Service Widows' Annuity Act was deleted from the list because it applies only to civil servants who retired from the Civil Service before January 1, 1925, and, accordingly, would appear to be inapplicable.

3. The Royal Canadian Mint Act was deleted because it forms part of the Department of Finance and Treasury Board Act.

4. The Admiralty Act was deleted at the request of the Chief Justice of Newfoundland.

5. A new report to Council and new schedules are being prepared. The Canadian Statutes will include the Explosives Act and there will be included in the Newfoundland list all the amended Statutes previously omitted except an Act to amend the Customs and Excise Act, being No. 6 of 1942. The third list of Statutes of Newfoundland will be added. The Customs Act of Newfoundland, with the exception of Section 122 as enacted by No. 6 of 1942, will be listed for repeal.

6. The proclamation will provide for the repeal of all regulations, orders, and proclamations made under the repealed Newfoundland Acts. We question authority under the Terms of Union to include a saving clause, but, in any event, this probably the law. [*sic*]

7. It is planned not to pass the Order-in-Council until April 1, and on April 1 the order will be passed and the proclamation issued and possibly published that day in a special issue of the *Canada Gazette*.

999. 10477-40

Extrait d'un télégramme du haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Extract from Telegram from Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 251 St. John's, March 26, 1949

Following is text of letter received by me today from Walsh regarding additional Newfoundland Acts which may be repealed and regarding the position with respect to the Emergency Powers (Defence) Act No. 25 of 1940. The letter also contains a suggestion that [with?] reference to the Canadian continuance of Transitional Measures Act.

"Dear Mr. Bridle:

I attach a list† setting forth a number of additional Newfoundland Acts which may be repealed by the proclamation bringing into effect certain statutes of Canada on the first of April.

I refer to my letter to Mr. Burchell of March 24th[217] in which I stated that the Commission of Government would consider what action should be taken in respect of the Emergency Powers (Defence) Act, No. 25 of 1940. I can now inform you that this Act will be repealed by the Commission of Government together with all regulations and orders made thereunder, except the regulations dealing with price control. It will not, therefore, be necessary for this Act to be included amongst those to be repealed by the Canadian proclamation. As there will be a number of orders continued in effect relating to the prices of different classes of

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[217]Voir le document 996. [217]See Document 996.

goods, it is suggested that the Canadian continuance of Transitional Measures Act should not be brought into effect in Newfoundland for the time being.

Yours faithfully,

(SIGNED) A. J. WALSH,
Commissioner for Justice."

. . .

1000. 10477-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire par intérim à Terre-Neuve

Secretary of State for External Affairs to Acting High Commissioner in Newfoundland

TELEGRAM 395 St. John's, March 28, 1949

IMMEDIATE. Please advise whether the Commission of Government would agree to application on April 1 of all procedural repeat procedural sections of the Criminal Code. These are held to be necessary to enforcement of other statutes that are to be applied April 1.

1001. 10477-40

Le sous-ministre de la Justice au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of Justice to Under-Secretary of State for External Affairs

Ottawa, March 28, 1949

Dear Sir,

RE: APPLICATION OF CANADIAN STATUTES TO NEWFOUNDLAND

I have revised the Recommendation to Council authorizing the issue of a proclamation and have also revised the Schedules of Acts to be repealed.

I enclose, for your information and for transmission to the Government of Newfoundland, copies of the revised Report and Schedules.

Yours truly,

F. P. VARCOE

1002. 10477-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 260 St. John's, March 29, 1949

IMMEDIATE. Your telegram No. 395, procedural sections of Criminal Code.

Following is text of a letter I have just received from the Commissioner for Justice in answer to your enquiry:

"The Secretary for Justice informs me that you have received a telegram enquiring whether the Commission of Government would agree to the application to Newfoundland on April 1st of the sections of the Criminal Code dealing with procedure as this is considered necessary for enforcement of other Canadian Statutes which will apply to Newfoundland after that date.

The introduction of the procedural parts of the Criminal Code would cause great confusion in the enforcement of general Criminal Law. The judges and magistrates, as well as the members of the legal profession, have understood that the Criminal Code would be deferred. It is also understood that the procedure under the Code is somewhat different from that now being followed in Newfoundland, and we have not arranged for preparation of the necessary forms. I consider that the procedural parts of the Code should not be brought into operation in Newfoundland until the Bench and the Bar have had a reasonable opportunity to study them and I am unable to recommend to the Commission that they agree to the application of these Sections on April 1st."

1003. PCO-CRF/Vol. 2408

Décret en Conseil[218]

Order in Council[218]

P.C. 1600 Ottawa, April 1, 1949

The Committee of the Privy Council have had before them a report dated 1st April, 1949 from the Minister of Justice, representing:

That by virtue of paragraph (1) of Term 18 of the Terms of Union of Newfoundland with Canada all laws in force in Newfoundland at or immediately prior to the date of Union continue therein as if the Union had not been made, subject nevertheless to be repealed, abolished or altered by the Parliament of Canada or by the Legislature of the Province of Newfoundland according to the

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[218]Le texte de ce Décret en Conseil, avec quelques amendements, fut publié dans une édition spéciale de *La Gazette du Canada* le 1[er] avril 1949. Cette édition spéciale comprenait deux annexes dont une était une liste des lois du Parlement du Canada qui entraient en vigueur à Terre-Neuve le 1[er] avril. L'autre était une liste des statuts de Terre-Neuve qui étaient abrogés à cette date. Il est à noter que la proclamation dont il est question dans certains des documents suivants était en effet cette édition spéciale.

[218]The text of this Order in Council, with some amendments, was published in an extra edition of *The Canada Gazette* on April 1, 1949. The extra edition contained two schedules. The first one listed the statutes of the Parliament of Canada which came into force in Newfoundland on April 1. The other listed the Statutes of Newfoundland which were repealed on April 1. It should be noted that the proclamation referred to in some of the following documents is in fact this special edition.

authority of the Parliament or of the Legislature under the British North America Acts, 1867 to 1946;

That paragraph (2 of Term 18 provides that statutes of the Parliament of Canada in force at the date of Union, or any part thereof, shall come into force in the Province of Newfoundland on a day or days to be fixed by Act of the Parliament of Canada or by proclamation of the Governor General in Council issued from time to time;

That paragraph (2) of Term 18 provides further that any such proclamation may provide for the repeal of any of the laws of Newfoundland that

(a) are of general application;

(b) relate to the same subject matter as the statute or part thereof so proclaimed; and

(c) could be repealed by the Parliament of Canada under paragraph (1) of Term 18;

That it is considered necessary and desirable to bring into force in Newfoundland on the first day of April, 1949, the statutes of the Parliament of Canada set out in the First Schedule hereto;

That the statutes of Newfoundland set out in the Second Schedule hereto, being of general application and relating to the same subject matter as one or more of the statutes set out in the First Schedule, are inconsistent with one or more of the statutes set out in the First Schedule and it is therefore considered necessary and desirable to repeal the statutes of Newfoundland set out in the Second Schedule.

The Committee, therefore, on the recommendation of the Minister of Justice, advise that, pursuant to paragraph (2) of Term 18 of the Terms of Union of Newfoundland with Canada, a proclamation do issue declaring that

(1) the statutes of the Parliament of Canada set out in the First Schedule hereto shall come into force in the Province of Newfoundland on the first day of April, 1949; and

(2) the statutes of Newfoundland set out in the Second Schedule hereto, and all regulations, orders and proclamations made or issued thereunder, shall be repealed on the first day of April, 1949.

LOUIS S. ST. LAURENT

Approved.

ALEXANDER OF TUNIS

1004. 10477-40

Les bureaux du gouvernement du Canada à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Canadian Government Offices in Newfoundland to Secretary of State for External Affairs

TELETYPE 286 — St. John's, April 4, 1949

The Secretary for Justice states that he is receiving enquiries as to which Canadian statutes are being brought into force now and which Newfoundland statutes are being repealed. He has copy of proclamation which Levy[219] left with him but does not wish to give out any official information on this basis. He would therefore appreciate information as to what steps it is proposed to take to publish the proclamation in Newfoundland.

I presume that the proclamation will be gazetted. I would like to suggest that consideration might be given to the proclamation being published in all newspapers here as soon as possible after it has been gazetted and also to copies of the relevant issue of the Gazette being distributed to persons who normally receive the *Newfoundland Gazette*. The approximate number receiving the *Newfoundland Gazette* is eight hundred and sixty.

1005. 10477-40

Le sous-ministre de la Justice au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of Justice to Under-Secretary of State for External Affairs

Ottawa, April 9, 1949

Dear Sir,

Under the Terms of Union between Canada and Newfoundland, statutes of Canada are to come into force in Newfoundland on a day to be proclaimed or fixed by Act of Parliament.

A proclamation was issued on Friday, April 1, 1949, and published in an Extra of the *Canada Gazette* on the same day bringing certain statutes into force in Newfoundland on the first of April last. If any other statutes under the administration of your Department are to be brought into force in Newfoundland, I should be obliged if you would communicate with me when you think the time for the introduction of the statute into Newfoundland has arrived. I can then, in consultation with the Government of the Province of Newfoundland, arrange to have further proclamations issued.

In the meantime, I should like to emphasize that the responsibility for introducing further statutes in Newfoundland must rest with the departments charged with their administration.

Yours truly,

F. P. VARCOE

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[219] Secrétaire particulier de Colin Gibson. Il avait accompagné M. Gibson à St. John's en vue des cérémonies du 1er avril.

[219] Private Secretary of Colin Gibson. He had accompanied Mr. Gibson to St. John's for the ceremonies on April 1.

1006. 10477-40

Le secrétaire d'État aux Affaires extérieures aux bureaux du gouvernement du Canada à Terre-Neuve

Secretary of State for External Affairs to Canadian Government Offices in Newfoundland

TELETYPE 537 Ottawa, April 16, 1949

IMPORTANT. Following for Bridle from MacKay, Begins: Your teletype No. 286 of April 4. It is thought here that the simplest and speediest way of bringing the Proclamation of April first to the attention of the public in Newfoundland is a reprinting in the *Newfoundland Gazette*. We feel safe in assuming that you have or can obtain the final text if necessary. With regard to free mailing list privileges for Part II *Canada Gazette* (S.O. and R.), extension to appropriate Newfoundland ministers, judges, officials and others has been discussed between Mr. Bradley, Mr. Ray Petten and Printing Bureau officials. The mailing list would include also the statutes of Canada. Petten is to discuss further and to supply to the King's Printer the names of those who might be added to the free mailing list. Ends.

1007. 10477-40

Extrait d'un télétype des bureaux du gouvernement du Canada à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Extract from Teletype from Canadian Government Offices in Newfoundland to Secretary of State for External Affairs

TELETYPE 363 St. John's, April 19, 1949

Following for MacKay from Bridle, Begins: Your teletype No. 537 of April 16th, proclamation regarding statutes. Puddester tells me that proclamation has just been reprinted here in a *Gazette Extraordinary*.

. . .

1008. 10477-40

Mémorandum de la direction juridique

Memorandum by Legal Division

Ottawa, April 25, 1949

The Extra of the *Canada Gazette* of April 1 includes the Bank Act in the first schedule setting forth Statutes of Canada which come into force in Newfoundland on April 1, 1949.

The decision referred to in the letter from the Bank of Canada of March 17 was, therefore, acted upon. In view of the closing of the Office of the High

Commissioner in Newfoundland there is no point in continuing the correspondence with St. John's.

J. P. ERICHSEN-BROWN

1009. PCO-CRF/Vol. 2412

Décret en Conseil

Order in Council

P.C. 2372 Ottawa, May 9, 1949

The Committee of the Privy Council have had before them a report dated 3rd May, 1949, from the Acting Minister of Justice, representing:

That by virtue of paragraph (1) of Term 18 of the Terms of Union of Newfoundland with Canada all laws in force in Newfoundland at or immediately prior to the date of Union continue therein as if the Union had not been made, subject nevertheless to be repealed, abolished or altered by the Parliament of Canada or by the Legislature of the Province of Newfoundland according to the authority of the Parliament or of the Legislature under the British North America Acts, 1867 to 1946;

That paragraph (2) of Term 18 provides that statutes of the Parliament of Canada in force at the date of Union, or any part thereof, shall come into force in the Province of Newfoundland on a day or days to be fixed by Act of the Parliament of Canada or by proclamation of Our Governor in Council issued from time to time.

That paragraph (2) of Term 18 provides further that any such proclamation may provide for the repeal of any of the laws of Newfoundland that

(a) are of general application;

(b) relate to the same subject matter as the statute or part thereof so proclaimed; and

(c) could be repealed by the Parliament of Canada under paragraph (1) of Term 18;

That it is considered necessary and desirable to bring into force in Newfoundland forthwith the statutes of the Parliament of Canada set out in the First Schedule hereto;

That the statutes or portions of statutes of Newfoundland set out in the Second Schedule hereto are of general application, relate to the same subject matter as and are inconsistent with one or more of the statutes set out in the First Schedule or the statutes brought into force in Newfoundland by the proclamation issued on the first day of April, 1949, and it is therefore considered necessary and desirable to repeal the statutes or portions of statutes of Newfoundland set out in the Second Schedule.

The Committee, therefore, on the recommendation of the Acting Minister of Justice, advise that, pursuant to paragraph (2) of Term 18 of the Terms of Union of Newfoundland with Canada, a proclamation do issue declaring that

(1) the statutes of the Parliament of Canada set out in the First Schedule hereto shall come into force in the Province of Newfoundland on the date of publication of the proclamation in the *Canada Gazette*; and

(2) the statutes or portions of statutes of Newfoundland set out in the Second Schedule hereto shall be repealed on the said date, together with all regulations, orders and proclamations made or issued under any of the statutes or portions of statutes so repealed.

R. W. MAYHEW

Approved.

ALEXANDER OF TUNIS

[PIÈCE JOINTE 1/ENCLOSURE 1]

Première annexe

First Schedule

Statutes of the Parliament of Canada to come into force in the Province of Newfoundland:

Civil Service Insurance Act
The Admiralty Act, 1934
The Income Tax Act

[PIÈCE JOINTE 2/ENCLOSURE 2]

Deuxième annexe

Second Schedule

Statutes or portions of statutes of Newfoundland to be repealed:

Of Stamp Duties — Chapter 28 Consolidated Statutes of Newfoundland (Third Series).

An Act to Amend the Act 5 Geo. V., (1914) Cap. 10 entitled "An Act Respecting Stamp Duties" — The Act 8-9 Geo. V., Cap. 32.

An Act to Amend the Act 5 Geo. V., Cap. 10, entitled "An Act Respecting Stamp Duties" — The Act 12-13 Geo. V., Cap. 21.

An Act to Amend Cap. 28 Consolidated Statutes (Third Series) entitled "Of Stamp Duties" — The Act 20 Geo. V., Cap. 33.

An Act in relation to the Amendment of Cap. 28 of the Consolidated Statutes (Third Series) entitled "Of Stamp Duties" — The Act 22 Geo. V., Cap. 35.

An Act further to Amend Cap. 28 of the Consolidated Statutes (Third Series) entitled "Of Stamp Duties" — The Act No. 55 of 1934.

An Act to Amend the Revenue (Amendment) Act (No. 2) 1948 — The Act No. 9 of 1949.

An Act Further to Amend the Revenue Act, 1946 — The Act No. 15 of 1949.

An Act to Amend Chapter 35 of the Consolidated Statutes (Third Series), entitled "Of the Postal and Telegraph Services" — The Act 21 Geo. V. Cap. 20.

An Act to Amend Chapter 35 of the Consolidated Statutes (Third Series) entitled "Of the Postal and Telegraph Services" — The Act 22 Geo. V. Cap. 23.

An Act Further to Amend the Act 11 George V. Chapter 37, entitled An Act Further to Amend Chapter Thirty-Five of the Consolidated Statutes of Newfoundland (Third Series) entitled "Of the Postal and Telegraph Services" — The Act No. 19 of 1945.

An Act Relating to the Inspection of Ships — The Act No. 33 of 1935.

The following portions of The Judicature Act, Chapter 83 of the Consolidated Statutes (Third Series), namely,

(a) section 4 in so far as that section declares the Supreme Court of Newfoundland to be a Court of Admiralty, in pursuance of the Imperial Act 53 and 54 Victoria, entitled "An Act to amend the law respecting the exercise of Admiralty in Her Majesty's Dominions and elsewhere out of the United Kingdom," with the powers and jurisdiction conferred by the said Act,

(b) section 7,

(c) Order XLV of the Schedule, and

(d) Appendix M.

SECTION C

FORMALITÉS ET CÉRÉMONIES

FORMALITIES AND CEREMONIES

1010. 10300-D-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures[220]

High Commissioner in Newfoundland to Secretary of State for External Affairs[220]

TELEGRAM 60 St. John's, January 25, 1949

TOP SECRET. I am very much concerned over possibility of riots here if proposed plan of putting on big show here on March 31st is carried through. I conferred with Walsh about it this morning and his view, which he says is also the view of the Commission of Government, is that matter should be finalized on March 31st with least possible formality and he is entirely opposed to putting on any big show here as planned. He says there would be real possibility of rioting on such occasion.

He thinks it much preferable if everything could be put through at Ottawa and not in St. John's, but if it has to be in St. John's there should be no accompanying formalities and as few people as possible come here from Ottawa.

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[220] Ce télégramme fut signalé au Premier ministre.

[220] This telegram was referred to the Prime Minister.

Walsh asks us to remember that approximately two-thirds of the people of this city voted against Confederation. Personally, I believe attitude of many of the best thinking people towards Confederation is undoubtedly changing for the better, but there will be no difficulty in a leader of the anti-Confederates staging a riot from among the lower elements and he is the kind of a man who, in despairing and crazy mood he is now in, would engineer such a riot and particularly so if there are any midnight ceremonies being carried on on March 31st.

1011. 10300-D-40

Le sous-secrétaire d'État par intérim aux Affaires extérieures au haut commissaire à Terre-Neuve

Acting Under-Secretary of State for External Affairs to High Commissioner in Newfoundland

SECRET Ottawa, January 28, 1949

Dear Mr. Burchell,

I refer to your teletype No. 60 of January 25 regarding a formal celebration in St. John's on March 31. Copies of your teletype were immediately sent to Mr. Pearson and the Prime Minister, and, I need scarcely say, it caused them considerable concern. With the Prime Minister's approval, I discussed the contents of your teletype with Mr. McEvoy, who was inclined to agree with your conclusion. He felt that there was only a remote possibility of anything so serious as a riot developing, but, on the other hand, he was not prepared to discount the possibility of embarrassing disturbances. He felt that it was preferable therefore to postpone any celebration. He has since seen Mr. Pearson, and at Mr. Pearson's suggestion will probably see the Prime Minister tomorrow morning.

I think both Mr. Pearson and the Prime Minister are inclined to agree that there should be no celebration on March 31 and that whatever formal action is required, such as the swearing-in of a Lieutenant-Governor, should be done here in Ottawa.

The Prime Minister has made the suggestion that a formal ceremony might be held, say, on June 24, which, we understand, is a national holiday in Newfoundland. At that time it is probable that the provincial election could be over and perhaps it would be possible to install a duly elected government. If so, it would be a suitable occasion for some sort of formal celebration. Your views on the matter would be appreciated.

Yours sincerely,

ESCOTT REID

1012. 10300-D-40

Extrait d'une dépêche du haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Extract from Despatch from High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 180 St. John's, January 31, 1949

TOP SECRET

Sir,

I have your secret letter of January 28 in reply to my teletype No. 60 of January 25 regarding a formal celebration in St. John's on March 31.

2. I conferred with the Governor today about the matter, and he is entirely of the opinion that it would be unwise to have any formal celebration on that date.

3. The date mentioned in your letter for a formal celebration, namely June 24, would, in the opinion of the Governor, be a most suitable date. June 24 is what is known as "Founder's Day" in Newfoundland, and that date is accepted as the one on which John Cabot landed in Newfoundland in 1497. The day is therefore usually a joyous holiday.

4. Perhaps a better day might be July 1. In the case of Newfoundland, however, this day would be entirely unsuitable for a celebration. It was the day on which so many Newfoundlanders were killed in action in the First World War, and was declared a national holiday on that account. It would be entirely unsuitable for any celebration of a joyous nature.

5. If the only ceremony which is to take place on March 31 is the swearing-in of a Lieutenant-Governor, I would think that ceremony might take place quietly in St. John's. I assume it would not be necessary to send anybody from Ottawa on that occasion as the Chief Justice or one of the judges could be authorized to administer the oath of office, which I understand is the practice in the other provinces of Canada on the occasion of the swearing-in of the Lieutenant-Governor. The ceremony of swearing in the Lieutenant-Governor could be done privately if necessary.

. . .

I have etc.

C. J. BURCHELL

1013. 10300-D-40

Extrait d'un télégramme du secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Extract from Telegram from Secretary of State for External Affairs to High Commissioner in Newfoundland

TELEGRAM 116 Ottawa, February 9, 1949

SECRET. Your teletype No. 62 of January 27.[221] Celebration on March 31.

2. It has now been decided that the Canadian Government should not take any action with respect to celebration in St. John's on March 31. No decision has

[221] Document 855. Il appert cependant que ceci est une erreur. Il s'agit plutôt du document 1010 de toute évidence.

[221] Document 855. It would appear, however, that this is an error. The reference is probably to Document 1010.

yet been taken with respect to location of swearing-in ceremony or later celebration.

. . .

1014. 10300-D-40

Extraits d'un télétype du secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Extracts from Teletype from Secretary of State for External Affairs to High Commissioner in Newfoundland

TELETYPE R. 15 Ottawa, March 4, 1949

Tentative programme for celebration of union.

2. As you know, it has been decided that no formal celebration should be arranged by the Canadian Government in Newfoundland at the time of union. At the same time it is felt that there should be sone public ceremony which would be broadcast to the people of Canada and Newfoundland. It is felt that such a programme could not appropriately take place before the afternoon of April 1.[. . .]

There are some unsettled questions, among them:

(a) whether the ceremony in Newfoundland should include the swearing-in of a member of the Executive Council; (b) whether there should be a symbolic ceremony in St. John's, as for example, the hoisting of the Red Ensign or the firing of a Royal salute; (c) whether a new Great Seal will have to be struck for the Province of Newfoundland, before the appointment of a member of the Executive Council or whether the existing seal coud be used.

3. Could you discuss the above programme and questions with Walsh and let us have the benefit of his and your views?

. . .

1015. 10300-D-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELETYPE R. 16 St. John's, March 5, 1949

Your teletype No. R. 15 of March 4th, tentative programme for celebration of union.

2. Have conferred with Walsh. We both approve proposed arrangements for Ottawa.

3. With regard to proposed Newfoundland programme, suggest that swearing-in might take place at a more or less private ceremony at Government House

followed by the raising of the Red Ensign in front of Government House. We are both doubtful about the wisdom of swearing in a member of the Executive Council immediately after the appointment of the Lieutenant-Governor. Think we should avoid any ceremony here which would attract any crowd of people and as the ceremony will commence at half past one Newfoundland time, probably everyone will be at their homes for lunch or to listen in at their radio.

4. Will wire you Monday about the Great Seal.

1016.

10300-D-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELETYPE R. 17

St. John's, March 7, 1949

Further reference your teletype No. R. 15 of March 4th, tentative programme for celebration of union.

I thought it advisable to confer confidentially with the Acting Administrator of Newfoundland, Sir Edward Emerson, and advised him of the proposed programme. He approves programme at Ottawa but is doubtful of the wisdom of having any symbolic ceremony in this city, such as the raising of a flag or the firing of guns and I agree with him. He thinks the quieter the day is here and the less opportunity for the gathering of any crowd, the better. With regard to the place where the Lieutenant-Governor should be sworn in, he thinks quite properly that the decision should rest with the appointee.

He has supplied me with an imprint of the existing Great Seal. It is a very handsome seal containing the coat of arms of Newfoundland in the centre with the one word "Newfoundland" underneath it. The inscription in Latin, however, will obviously not be suitable for present use as it describes the King as ruler of Britain and Hibernia and also as Emperor of India. He is to have a conference with Walsh tomorrow about the wording of a new seal which cannot however, be made here. The present seal was made in England and he has asked me to enquire if you can arrange for the making of a seal quickly in Canada in the form which he will send you but containing the Newfoundland coat of arms in the centre as on the present seal.[222]

1017.

10300-D-40

Mémorandum du ministère des Affaires extérieures

Memorandum by Department of External Affairs

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[222]Voir les documents 1137, 1139 et 1141.

[222]See Documents 1137, 1139 and 1141.

SECRET Ottawa, March 11, 1949

NEWFOUNDLAND; FORMALITIES AT DATE OF UNION

At the meeting of the Cabinet on March 11th, a report was submitted and noted on the arrangements contemplated to mark Newfoundland's entry into Confederation.

1018. 10300-D-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELETYPE R. 23 St. John's, March 22, 1949

Reference your teletype No. R. 15 of March 4th, tentative programme for celebration of union. In discussing the plan confidentially with the Chief Justice his views were that the unsettled question (a) should not be settled except in conference with the Lieutenant-Governor nominee, whoever he may be, and with his approval. I concur in his views in this regard and think he should be consulted as a matter of courtesy to him. With regard to unsettled question (b), I have already advised against anything of this kind and the Chief Justice strongly concurs.

1019. 10300-D-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELETYPE R. 24 St. John's, March 22, 1949

With further reference to your teletype No. R. 15 of March 4th, tentative programme for celebration of union. Apparently the programme includes the swearing-in of a Lieutenant-Governor at St. John's at twelve o'clock noon Ottawa time which is 1:30 Newfoundland time. Under that plan Newfoundland would be without any Government in charge of its affairs for over thirteen and one-half hours and civil servants, including the Chief of Police, would not know to whom to report as there would be no head to any of the Departments. This would seem to be entirely irregular and improper. In my view the Lieutenant-Governor should be sworn in as early as possible after midnight or early in the morning and arrangements for the appointment of the Executive Council should follow shortly afterwards so that the new Ministers can take charge of their Departments as early as possible on Friday morning. The matter of having a broadcast is, I think, comparatively unimportant as compared with the necessity of having a Govern-

ment in charge of affairs as early as possible on the morning of April 1st. It might, however, be arranged to have a record made of the swearing-in of the Lieutenant-Governor which could be used in the noonday broadcast.

1020. 10300-D-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

TELETYPE R. 29 Ottawa, March 26, 1949

Your teletype No. R. 24 of March 22, Swearing-in of Lieutenant-Governor.

Mr. Stein, Under-Secretary of the Department of State, and Mr. Driedger, of the Department of Justice, have been consulted on the points raised in your teletype. In their opinion, there would be no gap in the administration between March 31 and the swearing-in of the Lieutenant-Governor some time on April 1, since the Chief Justice of Newfoundland has under the Terms of Union all the powers required to administer the province *ad interim*. This position seems to be clear if Sections 8(2) and 18(4) of the Terms are read together. 8(2) provides that pending the first appointment of the Lieutenant-Governor the Chief Justice shall execute the office and functions of Lieutenant-Governor under his oath of office as Chief Justice. Section 18(4) provides *inter alia* that " . . . all legal commissions, powers, authorities, and functions, and all officers and functionaries, judicial, administrative, and ministerial, existing in Newfoundland at or immediately prior to the date of Union, shall continue in the Province of Newfoundland as if the Union had not been made, until altered, abolished, revoked, terminated, or dismissed by the appropriate authority under the British North America Acts, 1867 to 1946."

1021. 10300-D-40

Extraits d'un télégramme du secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Extracts from Telegram from Secretary of State for External Affairs to High Commissioner in Newfoundland

TELETYPE R. 22 Ottawa, March 24, 1949

IMMEDIATE. Ceremony April 1.

2. Mr. Gibson, Secretary of State, plans to go to Newfoundland to present to the Lieutenant-Governor as part of the ceremony on April 1 a blanket Certificate of Citizenship to Newfoundlanders.[. . .]

. . .

4. He has also raised the question whether it would be appropriate for him to give a reception, probably Friday afternoon.

. . .

1022. 10300-D-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

TELETYPE R. 27 Ottawa, March 25, 1949

IMMEDIATE. After you have carried out instructions relating to messages numbered from I to V of today's date,[223] please consult Chief Justice and Walsh regarding programme for celebration. It is essential that arrangements be completed as quickly as possible in order to permit of broadcasting and filming of ceremony. The Chief Justice will of course have to be apprised confidentially of the decision regarding the Lieutenant-Governor.

1023. 10300-D-40

Extrait d'un télétype du haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Extract from Teletype from High Commissioner in Newfoundland to Secretary of State for External Affairs

TELETYPE R. 32 St. John's, March 25, 1949

IMMEDIATE. Your teletype No. R. 22 of March 24th, ceremony April 1st.

Have conferred with Walsh about question raised in paragraph 4. His view is that if this is arranged it may prove very embarrassing both as to persons to be invited and those who might refuse to attend. He thinks also some embarrassing situations may arise during the occasion. As you know, my own views have always been against having any gathering of any kind in this city on April 1st.

On the other hand, Emerson, whom I also consulted, thinks that there should be something of the kind arranged but that it should be done by the new Lieutenant-Governor and should be a matter left to his discretion.

. . .

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[223] Voir les documents 927, 928, 929 et 930.

[223] See Documents 927, 928, 929 and 930.

1024. 10300-D-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

TELETYPE R. 30 Ottawa, March 28, 1949

IMPORTANT. Swearing-in of Lieutenant-Governor.

1. It is felt that the appointing Order in Council cannot be passed before the morning of April 1. In order to provide for swearing-in at St. John's on April 1, it will therefore be necessary to send unsigned advance copies of the Order in Council, the Commission of appointment, and other necessary documents to the Chief Justice and the appointee before April 1.

2. In view of the above difficulties, the following procedure has been recommended to the Prime Minister:

(1) Unsigned copies of the following documents will be forwarded to Sir Edward Emerson and the Lieutenant-Governor designate some days prior to April 1 (possibly with Mr. Gibson who I understand will be flying to St. John's on March 30):

(a) Order in Council

(b) Commission of appointment

(c) Instructions to Lieutenant-Governor, and

(d) Forms of oath.

(2) The Order in Council appointing the Lieutenant-Governor and other Orders relating to Union will be approved at a Cabinet meeting to be held at 9:30 a.m., on Friday, April 1.

(3) The Orders in Council and necessary documents, proclamations, etc., will then be sent immediately to Government House for approval and signature by the Governor General.

(4) Immediately following the signing of the documents by the Governor General, a confirming teletype message will be sent to the Lieutenant-Governor designate and the Chief Justice.

(5) The advance copy of the Commission of appointment can then be read by the Chief Justice of Newfoundland in the presence of the Lieutenant-Governor designate and the Executive Council to be appointed later.

(6) A new Executive Council will be sworn in immediately after the Lieutenant-Governor has himself taken the required oaths.

Please consult the Chief Justice and the Lieutenant-Governor designate regarding their views on the above procedure.

3. You may also advise them that it is proposed to have Mr. Hill, Assistant Clerk of the Privy Council, accompany the Honourable Mr. Gibson to St. John's. Mr. Hill is thoroughly familiar with procedure and if, as anticipated, they will

arrive on Wednesday there will be ample time to complete all local arrangements.

1025. 10300-D-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

TELETYPE R. 36 St. John's, March 29, 1949

IMPORTANT. Your teletype No. 392 of March 28th,† statement on April 1st ceremonies. I left copies of the Prime Minister's statement[224] with the Administrator and Sir Albert Walsh before it was released to the press. The Administrator requests that consideration be given to releasing such details of the programme as may be of general interest on Wednesday afternoon rather than Thursday, or on Thursday morning at latest. He feels that it is important to give ample time for the outlying districts to learn of the details of the programme over the radio. He evidently wishes to make sure that as many people as possible in all parts of the country will be listening in.

Confirming information which I gave to MacKay over the telephone on Saturday, the Administrator plans to have the ceremony held in the Ball-Room at Government House. He would like to have the order of Item 1 reversed so that the commentator sets the scene before the Ode to Newfoundland is sung. He says that in all probability two verses of the ode would be sung and requests that the total time for the item be increased from two to five minutes. I would like to suggest incidentally that any reference in a future announcement to the Ode to Newfoundland might refer to it in these words rather than as the Newfoundland Ode. Galgay tells me that he has arranged for a choir to sing the ode and that it will sing in the broadcasting studios in the hotel.

The Administrator also requests that Item 2 should commence with "reading of Commission of Lieutenant-Governor and swearing-in" and so on.

As I mentioned to MacKay on Saturday, the Administrator plans to invite sixty to eighty guests to the ceremony. These are to consist of official persons and their wives, along with whatever personal friends the Lieutenant-Governor Designate may wish to have invited. The official guests will include the Honourable Colin Gibson, the present Commissioners with the exception of the Commissioner for Natural Resources who recently returned to the United Kingdom, the Secretaries of the various Departments, myself, and possibly the members of the new Executive Council, if the necessary arrangements to have them selected and ready can be made beforehand. In any case I understand there is to be no an-

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[224]Dans cette déclaration, le Premier ministre avait annoncé que des cérémonies auraient lieu à Ottawa et à St. John's le 1er avril.

[224]In this statement, the Prime Minister had announced that ceremonies would take place in Ottawa and St. John's on April 1.

nouncement prior to the ceremony of the names of the personnel who are to compose the new administration. The present tentative plan is to have them sworn in, immediately after the swearing-in of the Lieutenant-Governor, in some other part of Government House.

The Administrator has mentioned to me casually and informally that he thinks it likely that there will be a crowd of persons on military road outside Government House grounds at the time of the ceremony, for the purpose of seeing the principals in the historic ceremony arrive and depart.

1026. 2828-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire par intérim à Terre-Neuve

Secretary of State for External Affairs to Acting High Commissioner in Newfoundland

TELETYPE 415 Ottawa, March 29, 1949

Swearing-in ceremony.

The letter below is going forward today to the Chief Justice from Mr. N. A. Robertson, Clerk of the Privy Council, but it was thought advisable to send you the text for transmission to the Chief Justice in advance, Letter begins:

My dear Mr. Chief Justice,

An Order in Council will be passed on the 1st April, 1949, appointing Sir Albert Walsh to be Lieutenant-Governor of the Province of Newfoundland. It will be necessary for the appointee to have administered to him the oath of allegiance and the oath of office, and this I should be glad if you will arrange to do. You will note that in the copy of the instructions to the Lieutenant-Governor you, among others, are authorized to administer these oaths.

I am enclosing for your information, a draft of the Order in Council directing the issue of the commission of appointment; a draft of the appointing commission; a draft of the instructions to the Lieutenant-Governor, and the forms of the oaths to be taken.

Official intimation that the first three of these have been signed unchanged by the Governor General will be given to you by wire as soon as possible on the 1st of April, in order that the swearing-in ceremony can take place at the beginning of the broadcast from St. John's, to start at 1:30 p.m., St. John's, Newfoundland, time.

As to the swearing-in ceremony itself, it can be made as elaborate or simple as appears to you in consultation with the Lieutenant-Governor designate to be appropriate. I am forwarding some suggestions in case they would be helpful to you in making arrangements. The Honourable Colin Gibson, Secretary of State, who is taking this letter, and his secretary, Mr. Levy, will be in attendance and will, I am sure, be happy to co-operate with you in seeing that nothing is overlooked that would contribute to the dignity and impressiveness of the ceremony.

There would appear to be only two essentials: the appointing commission to be read and published in the presence of yourself, the remaining members of the Newfoundland Commission of Government, and the members of the Executive Council designate, and the oaths to be administered.

The Lieutenant-Governor's oath form, on completion, should be sent to this office for record.

Presumably Sir Albert will wish to administer the required oaths to the Executive Council shortly after his having been sworn in as Lieutenant-Governor. Ends.

1027. PCO-CRF

Le Premier ministre au Gouverneur Général

Prime Minister to Governor General

Ottawa, March 30, 1949

My dear Governor General,

My colleagues and I are agreed in feeling that on the occasion of the entry of Newfoundland into confederation the event should be marked by a message of loyalty and good wishes to Their Majesties, the King and Queen. I feel sure that the people of Canada, who will after March 31 include the people of Newfoundland, would wish to have such a message sent, and to be joined in its expression of loyalty and good wishes. I should accordingly be grateful if you would, on my behalf, transmit the following message to His Majesty for delivery to him on the morning of April 1:

"On the occasion of the entry of Newfoundland into Confederation as a province of Canada I send to Your Majesty, on behalf of the Government and people of Canada, the expression of our devoted loyalty together with our sincere good wishes to you and to Her Majesty the Queen. The people of Canada, those of Newfoundland and those of the other provinces of Canada, now one nation under the Crown, are happy to learn of Your Majesty's improvement in health, and join in wishing you a speedy recovery."

I propose to read the above message to His Majesty in the course of my remarks in the ceremony on Parliament Hill on April 1.

Believe me, my dear Governor General,

Yours very sincerely,

L. S. St. Laurent

1028. 10300-D-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

TELETYPE R. 38

St. John's, March 31, 1949

IMMEDIATE. Reference my unnumbered telegram of March 30th† referring to your teletype No. 415 of March 29th on the subject of the swearing-in ceremony here.

Mr. Gibson has discussed with the Chief Justice and Sir Albert Walsh the question of the swearing-in of the Executive Council. The Chief Justice is inviting the members of the Executive Council to be present at the ceremony. Sir Albert proposes to remain during the portion of the ceremony being broadcast from Ottawa and then to retire to another part of Government House. After a brief interval he would see the man he intends to call upon to form a Government and, if he accepts, he would then ask him to submit the names of his proposed Ministers. After a further brief interval this would be done and if the names are acceptable to the Lieutenant-Governor, he would then proceed to swear them in. This would take some little time as there are two oaths, both of which are fairly long. When the whole Executive Council had been sworn in the Lieutenant-Governor and his advisers would then join the guests.

1029.

10300-D-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire par intérim à Terre-Neuve

Secretary of State for External Affairs to Acting High Commissioner in Newfoundland

TELETYPE 441

Ottawa, March 31, 1949

IMMEDIATE. CBC is most anxious to find out how Sir Albert Walsh pronounces his name. Does he pronounce it Welsh?

1030.

10300-D-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 275

St. John's, March 31, 1949

IMMEDIATE. Your No. 441 of March 31st. Please advise CBC that Sir Albert Walsh pronounces his name Walsh not Welsh.

1031.

Cérémonies à Saint-Jean et à Ottawa le 1er avril 1949[225]

Ceremonies at St. John's and Ottawa on April 1, 1949[225]

ÉMISSION DE SAINT-JEAN, TERRE-NEUVE:

Le narrateur: Je vous parle de l'Hôtel du Gouvernement, résidence officielle de tous les gouverneurs de Terre-Neuve depuis environ 1832, année où le gouvernement responsable fut institué dans l'île. C'est dans cet édifice que nos gouverneurs et nos administrateurs prêtent, depuis lors, leur serment d'allégeance et d'office. Il convient donc que ce soit dans cette demeure que le premier lieutenant-gouverneur de cette nouvelle province canadienne prête serment.

Sont ici présents Son Honneur le lieutenant-gouverneur désigné, l'honorable Albert Walsh, K.C., et Sa Seigneurie le juge en chef, l'honorable sir Edward Emerson, qui fera prêter les serments. Sont aussi présents les juges de la Cour suprême, les chefs des diverses Églises, les représentants du Canada, des États-Unis, [de la France,] du Portugal; le maire de Saint-Jean, les chefs permanents du gouvernement local, le premier ministre désigné et ses collègues, des citoyens éminents et leurs épouses, les représentants des journaux locaux et étrangers, en tout une centaine de personnes.

La cérémonie d'aujourd'hui sera brève, mais elle n'en sera pas moins impressionnante. Elle débutera par le chant de l'Ode à Terre-Neuve par un choeur sous la direction de M. Robert McLeod. Vous entendrez ensuite la lecture du mandat du lieutenant-gouverneur. Puis ce sera le clou de la cérémonie de cet après-midi: le juge en chef, sir Edward Emerson, fera prêter les serments d'allégeance et d'office au premier lieutenant-gouverneur, l'honorable sir Albert Walsh, K.C. Après quoi, l'honorable Colin Gibson, membre du gouvernement canadien, présentera à Son Honneur un certificat symbolique de citoyenneté canadienne et, en l'acceptant au nom de la population de Terre-Neuve, sir Albert Walsh répondra. Cette réponse terminera la cérémonie à Saint-Jean. La cérémonie d'Ottawa suivra immédiatement.

Maintenant, tout est prêt pour la cérémonie qui doit se dérouler ici à l'Hôtel du Gouvernement.

BROADCAST FROM ST. JOHN'S, NEWFOUNDLAND:

Commentator: I am speaking to you now from Government House, in St. John's, the official residence of all governors of Newfoundland since about 1832, when responsible government was first introduced into the island. In this building all our governors and administrators of government since that time have taken their oaths of allegiance and office, and it is eminently fitting that here should be sworn in also the first Lieutenant-Governor of this new province of Canada.

Present in these rooms are His Honour the Lieutenant-Governor Designate, the Honourable Albert Walsh, K.C., and His Lordship the Chief Justice, the Honourable Sir Edward Emerson, who will administer the oaths. Also present are the judges of the Supreme Court; the heads of the various churches; representatives of Canada, the United States, France, Portugal; the mayor of St. John's, permanent heads of the local government; the Prime Minister Designate and his colleagues; representative citizens and their wives, and members of the local and foreign press, numbering in all about one hundred.

The ceremony today will be a brief but none the less impressive one. It will open with the singing of the Ode to Newfoundland by a choir under the direction of Mr. Robert McLeod. Following this you will hear the reading of the commission of the Lieutenant-Governor. Then follows the highlight of this afternoon's ceremony, when the Chief Justice, Sir Edward Emerson, will administer the oaths of allegiance and office to the first Lieutenant-Governor, the Honourable Sir Albert Walsh, K.C. Following this, the Honourable Colin Gibson, a member of the Canadian government, will present to His Honour token Canadian citizenship papers, and, in accepting on behalf of the people of Newfoundland, Sir Albert will reply. This will conclude the ceremony at St. John's. The proceedings at Ottawa will follow immediately.

Now, all is in readiness for the ceremony here at Government House.

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[225] Ce compte rendu provient de Canada, Chambre des Communes, *Débats*, 1949, volume 3, appendice, pp. 2281-7.

[225] Reproduced from Canada, House of Commons, *Debates*, 1949, Volume 3, Appendix, pp. 2276-82.

Mesdames et messieurs, l'Ode à Terre-Neuve.

(Suit ici le chant par le choeur de deux strophes de l'Ode à Terre-Neuve.)

Lecture de la commission et assermentation du lieutenant-gouverneur:

SIR EDWARD EMERSON (Juge en chef de Terre-Neuve): George VI, par la grâce de Dieu roi de Grande-Bretagne, d'Irlande et des dominions britanniques au delà des mers, défenseur de la foi.

A l'honorable sir Albert Joseph Walsh, de la ville de Saint-Jean, dans la province de Terre-Neuve, Chevalier, l'un de nos conseillers versés en droit,

Salut:

Sachez que nous, plaçant notre confiance dans la prudence, le courage, la loyauté, l'intégrité et la compétence de vous, Albert Joseph Walsh, avons sur la recommandation de notre conseil privé pour le Canada, jugé bon de vous constituer et nommer et, par les présentes, nous vous constituons et vous nommons, Albert Joseph Walsh, lieutenant-gouverneur de la province de Terre-Neuve, l'une des provinces du Canada, charge que vous remplirez tant qu'il plaira à notre gouverneur général du Canada.

Et par les présentes nous vous permettons et vous donnons pouvoir et vous commandons, Albert Joseph Walsh, d'accomplir et d'exécuter de la manière voulue toutes les choses qui relèvent de votre dit commandement et de la confiance que nous vous avons témoignée, en conformité des divers pouvoirs, dispositions et directives qui vous sont accordés ou assignés en vertu de l'Acte du Parlement du Royaume-Uni de Grande-Bretagne et d'Irlande, adopté pendant la trentième année du règne de feu Sa Majesté, intitulé et désigné "L'Acte de l'Amérique du Nord britannique, 1867" et de tous autres statuts émanant de cette autorité et de notre présente Commission; en conformité des directives qui vous sont données par les présentes et qui sont ci-annexées ou qui peuvent de temps à autre vous être données à l'égard de ladite province de Terre-Neuve sous le signe de Notre gouverneur général du Canada ou par ordre de notre conseil privé pour le Canada; et en conformité des lois qui sont ou peuvent entrer en vigueur dans ladite province de Terre-Neuve.

Et par les présentes nous ordonnons, en outre, que dès que vous aurez prêté les serments prescrits et serez en fonctions, notre Commission entre en vigueur.

Ladies and gentlemen, the Ode to Newfoundland.

Here followed the singing by the choir of two verses of the Ode to Newfoundland.

Reading of commission and swearing-in ceremony of new Lieutenant-Governor:

SIR EDWARD EMERSON (Chief Justice of Newfoundland): George the Sixth, by the Grace of God, of Great Britain, Ireland and the British dominions beyond the seas, King, Defender of the Faith.

To the Honourable Sir Albert Joseph Walsh, of the city of St. John's, in the province of Newfoundland, Knight Bachelor, one of our counsel learned in the law,

Greeting:

Know you that we, reposing special trust and confidence in the prudence, courage, loyalty, integrity and ability of you the said Albert Joseph Walsh, have, by and with the advice of our Privy Council for Canada, thought fit to constitute and appoint and we do hereby constitute and appoint you the said Albert Joseph Walsh to be the Lieutenant-Governor in and over the province of Newfoundland, one of the provinces of Canada, during the will and pleasure of our Governor General of Canada.

And we do hereby authorize and empower and command you, the said Albert Joseph Walsh in due manner to do and execute all things that shall belong to your said command and the trust we have reposed in you, according to the several powers, provisions and directions granted or appointed you by virtue of the act of parliament of the United Kingdom of Great Britain and Ireland, passed in the thirtieth year of Her late Majesty's reign, called and known as the British North America Act, 1867, and of all other statutes in that behalf and of this our present commission according to such instructions as are herewith given to you and hereunto annexed or which may from time to time be given to you in respect of the said province of Newfoundland under the sign manual of our Governor General of Canada or by order of our Privy Council for Canada and according to such laws as are or may be in force within the said province of Newfoundland.

And we do hereby further appoint that so soon as you shall have taken the prescribed oaths and entered upon the duties of your office, this our commission shall come into force and take effect.

En foi de quoi, nous avons fait émettre Nos présentes Lettres Patentes et à icelles fait apposer le Grand Sceau du Canada.

[Témoin:]

Notre très fidèle et très aimé Cousin, Harold Rupert Leofric George, vicomte Alexander de Tunis, Chevalier de Notre Ordre très noble de la Jarretière, Chevalier grand-croix de Notre Ordre très honorable du Bain, Chevalier grand-croix de Notre Ordre très distingué de Saint-Michel et de Saint-Georges, Compagnon de Notre Ordre très élevé de l'Étoile de l'Inde, Compagnon de Notre Ordre du Service distingué, à qui a été conféré la décoration de la Croix militaire, ayant le grade de feld-maréchal de Notre Armée, gouverneur général et commandant en chef de Notre Dominion du Canada.

En notre Hôtel du Gouvernement, en notre cité d'Ottawa, ce premier jour d'avril en l'an de grâce mil neuf cent quarante-neuf, le treizième de notre règne.

Par ordre, Secrétaire d'État du Canada.

Serments d'office du lieutenant-gouverneur de la province de Terre-Neuve

SERMENT D'ALLÉGEANCE

Je, Albert [Joseph] Walsh, jure et promets sincèrement d'être fidèle et de porter sincère allégeance à Sa Majesté le roi George VI, à ses héritiers et successeurs, en conformité de la loi.

Ainsi, que Dieu me soit en aide.

SERMENTS D'OFFICE

Vous exécuterez bonnement et fidèlement les fonctions de lieutenant-gouverneur de la province de Terre-Neuve et administrerez dûment et impartialement la Justice en icelles.

Ainsi, Dieu vous soit en aide.

Vous exécuterez bonnement et fidèlement les fonctions de Gardien du Grand Sceau de la province de Sa Majesté dite Terre-Neuve au meilleur de votre connaissance et de vos capacités.

Ainsi, que Dieu vous soit en aide.

Le narrateur: Le serment a maintenant été prêté et l'honorable Colin Gibson, membre du cabinet fédéral, va maintenant prendre la parole.

Lors de la présentation d'un certificat symbolique de citoyenneté à sir Albert Walsh, lieutenant-gouverneur de Terre-Neuve:

L'hon. COLIN GIBSON (ministre des Mines et Ressources): Votre Honneur, je prise très haut le privilège qui m'est accordé aujourd'hui de représenter ici à Saint-Jean le premier ministre et le peuple du Canada en cette cérémonie de la Confédération.

In testimony whereof we have caused these our letters to be made patent and the Great Seal of Canada to be hereunto affixed.

Witness:

Our right trusty and well-beloved cousin, Harold Rupert Leofric George, Viscount Alexander of Tunis, Knight of Our Most Noble Order of the Garter, Knight Grand Cross of Our Most Honourable Order of the Bath, Knight Grand Cross of Our Most Distinguished Order of Saint Michael and Saint George, Companion of Our Most Exalted Order of the Star of India, Companion of Our Distinguished Service Order, upon whom has been conferred the decoration of the Military Cross, Field Marshal in our army, Governor General and Commander in Chief of Canada.

At our Government House, in our city of Ottawa, this first day of April, in the year of Our Lord one thousand nine hundred and forty-nine, and in the thirteenth year of our reign.

By command, Secretary of State of Canada.

Oaths of the Lieutenant-Governor of the Province of Newfoundland

OATH OF ALLEGIANCE

I, Albert Joseph Walsh, do swear that I will be faithful and true and bear true allegiance to His Majesty King George the Sixth, his heirs and successors according to law.

So help me God.

OATHS OF OFFICE

You shall well and truly execute the office and trust of Lieutenant-Governor of the province of Newfoundland and duly and impartially administer justice therein.

So help you God.

You shall well and truly execute the office and trust of keeper of the Great Seal of His Majesty's province of Newfoundland according to the best of your knowledge and ability.

So help you God.

Commentator: The oath has now been administered, and the Honourable Colin Gibson, a member of the government of Canada, will speak.

On presentation of token certificate of citizenship to Sir Albert Walsh, Lieutenant-Governor of Newfoundland:

Hon. COLIN GIBSON (Minister of Mines and Resources): Your Honour, it is a great privilege for me, as a representative of the Prime Minister and the people of Canada, to be here today in St. John's to take part in this confederation ceremony.

Nous souhaitons la bienvenue aux Terre-neuviens qui deviennent aujourd'hui des associés égaux pour nous dans le développement de la partie septentrionale du continent américain.

J'éprouve un sentiment de vive satisfaction à vous présenter, monsieur le lieutenant-gouverneur, ce certificat de citoyenneté canadienne qui a été préparé spécialement afin de marquer l'entrée de la nouvelle province dans la Confédération. Comme vous le verrez, le certificat atteste que tout sujet britannique de Terre-Neuve qui est maintenant visé par les dispositions pertinentes de la loi sur la citoyenneté canadienne, ajoute à sa qualité de sujet britannique celle de citoven canadien, et que chacun, homme ou femme, peut se réclamer de tous les droits, pouvoirs et privilèges dont se prévalent les Canadiens de naissance et doit en remplir toutes les obligations, devoirs et responsabilités.

Je puis vous donner l'assurance, monsieur le lieutenant-gouverneur, que tous les Canadiens se joignent à moi pour souhaiter aux Terre-neuviens la plus cordiale bienvenue dans la famille canadienne.

SIR ALBERT WALSH (lieutenant-gouverneur de la province de Terre-Neuve): Honorable monsieur Gibson, je suis heureux de vous souhaiter la bienvenue au nom de la population de Terre-Neuve, à l'occasion de cette cérémonie qui nous vaut l'honneur de votre présence à titre de représentant du premier ministre et des habitants du Canada.

Le certificat de citoyenneté que vous avez présenté à la population de Terre-Neuve, par mon entremise, indique que nous jouissons tous maintenant d'un nouveau statut, celui de citoyen canadien, qui nous met sur le même pied que tous les autres citoyens canadiens dans toutes les parties du Canada. Cette nouvelle citoyenneté s'ajoute au statut que nous possédons en commun, celui de sujets britanniques. J'accepte ce certificat avec plaisir, et je vous donne l'assurance que les habitants de Terre-Neuve qui jouiront des privilèges de cette nouvelle citoyenneté s'acquitteront fidèlement de leurs devoirs de citoyens.

Je suis certain que les Terre-neuviens désirent que je dise à la population du Canada, par votre entremise, combien nous prisons l'accueil que vous nous avez fait en son nom en cette occasion historique, et que j'offre mes meilleurs souhaits à un peuple avec lequel nous avons maintenu des relations si étroites depuis un grand nombre d'années.

Le narrateur: La cérémonie de l'assermentation du premier lieutenant-gouverneur de la pro-

We welcome the people of Newfoundland who today become equal partners with us in the development of the northern part of the American continent.

In recognition of your entry into our confederation I have much pleasure in presenting to you, sir, this certificate of Canadian citizenship, which has been specially prepared to mark this occasion. As you will see, it certifies that every Newfoundland British subject coming within the relevant provisions of the Canadian Citizenship Act adds to his status as a British subject that of being a Canadian citizen, and that he or she is entitled to all rights, powers and privileges, and subject to all obligations, duties and liabilities, to which a natural-born Canadian citizen is entitled or subject.

I can assure you, sir, that all the people of Canada join with me in extending to the people of Newfoundland a welcome into our Canadian family.

SIR ALBERT WALSH (Lieutenant-Governor of the Province of Newfoundland): Hon. Mr. Gibson, on behalf of the people of Newfoundland I am happy to welcome you on the occasion of your visit to Newfoundland to take part in this ceremony as the representative of the Prime Minister and the people of Canada.

The certificate of citizenship which you have presented to the people of Newfoundland, through me, shows that all of us now have a new status, that of Canadian citizens, which entitles us to rank equally with all other Canadian citizens throughout all Canada. This new citizenship is in addition to the status which we have enjoyed in common, the status of British subjects. I am glad to accept this certificate, and can assure you that the people of Newfoundland who will enjoy the privileges of this new citizenship will faithfully discharge their duties as citizens.

I am sure that all the people of Newfoundland wish me to express through you to the people of Canada our appreciation of the welcome which you have extended on their behalf on this historic occasion, and to extend best wishes to a people with whom we have for many years been so closely associated.

Commentator: The ceremony of the swearing-in of the first Lieutenant-Governor of the prov-

vince de Terre-Neuve et de la présentation d'un certificat symbolique de citoyenneté canadienne à Son Honneur est maintenant terminée.

Ici CBN Saint-Jean (Terre-Neuve). Nous vous transportons maintenant à la colline du Parlement à Ottawa.

Émission d'Ottawa:

(Carillon)

Le narrateur: Vous entendez les cloches du carillon dans la Tour de la paix des édifices du Parlement, ici sur la colline du Parlement à Ottawa. M. Robert Donnell, carillonneur officiel du Canada, joue maintenant l'air d'une chanson populaire terre-neuvienne, intitulée *Squid Jiggin' Ground*.

Je me tiens près d'une estrade qu'on a érigée sur les marches de la Tour de la paix. Nous désirons, bien entendu, continuer l'émission de la cérémonie qui unira Terre-Neuve, la dernière et la plus ancienne des colonies britanniques en Amérique du Nord, au Canada, pour en faire la dixième province du Canada.

Son Excellence le vicomte Alexander de Tunis, gouverneur général du Canada, et le groupe des personnages officiels arriveront dans quelques minutes et ils prendront place sur l'estrade.

Le groupe des personnages officiels comprendra le premier ministre du Canada, le très honorable Louis St-Laurent, et M. Gordon F. Bradley, de Terre-Neuve, qui, sauf erreur, a été assermenté, au cours de la dernière demi-heure, à titre de ministre de la couronne. Le premier ministre parlera sans doute de cette nomination.

Le gouverneur général et le groupe des personnages officiels arrivent à l'estrade.

(Salut royal, six premières mesures de l'hymne national)

La garde d'honneur, composée de membres de l'Armée et de l'Aviation, vient d'accorder le salut royal à Son Excellence le gouverneur général.

Les photographes attachés à divers journaux et revues prennent des photographies de ceux qui composent le groupe de l'estrade. Parmi les distingués personnages sur l'estrade, à la droite du gouverneur général, se trouve le très honorable Louis St-Laurent; on aperçoit aussi le très honorable William Lyon Mackenzie King et le très honorable sir Lyman Poore Duff.

Le temps est beau pour une cérémonie qui se déroule à l'extérieur. Le vent est frais et le soleil brille avec éclat. Des centaines de citoyens d'Ottawa et des régions environnantes profitent de la

ince of Newfoundland and the presentation of token Canadian citizenship papers to His Honour is now concluded.

This is CBN, St. John's, Newfoundland, transferring you to parliament hill in Ottawa.

Broadcast from Ottawa:

(Carillon)

Commentator: Those are the bells of the carillon in the Peace Tower of the Houses of Parliament here on parliament hill in Ottawa. Robert Donnell, Canada's official carilloneur, is playing a Newfoundland folk song called "Squid Jiggin' Ground."

I am standing near a platform which has been erected on the steps of the Peace Tower. Our purpose, of course, is to continue the broadcast of the ceremony which will unite Newfoundland, the last and oldest of the British North American colonies, with Canada, thereby making it Canada's tenth province.

His Excellency the Viscount Alexander of Tunis, Governor General of Canada, and the official party, are expected in a few minutes, and will take their places on the platform.

Among the officials will be the Prime Minister of Canada, the Right Honourable Louis St. Laurent, and Mr. F. Gordon Bradley, of Newfoundland, who we understand has been sworn in as a minister of the crown during the past half hour. No doubt further mention will be made of this appointment by the Prime Minister.

The Governor General and the official party are arriving at the platform.

(Royal Salute; six bars National Anthem)

The composite guard of honour, composed of members of the army and air force, has just accorded His Excellency the Governor General a royal salute.

Photographers from the different newspapers and magazines are now taking pictures of the members of the platform party. Among the distinguished people on the platform, on the Governor General's right is the Prime Minister of Canada, the Right Honourable Louis St. Laurent; the Right Honourable William Lyon Mackenzie King, and the Right Honourable Sir Lyman Poore Duff.

It is a beautiful day for an outdoor ceremony. The wind is cool and the sun is shining brightly. Hundreds of citizens of Ottawa and the surrounding district are taking advantage of the

douceur de la température et se sont réunis pour assister à cet événement historique. Les fonctionnaires ont eu la permission d'aller déjeuner un peu plus tôt aujourd'hui, afin d'assister à la cérémonie, et la colline du Parlement est bondée de monde.

Immédiatement derrière la garde d'honneur mixte, se trouve la [fanfare de la] Garde à pied du Gouverneur général que vous entendrez plus tard au cours de la cérémonie.

Le premier ministre se prépare à prononcer son allocution de bienvenue à la population de Terre-Neuve.

Le très honorable L. S. ST-LAURENT (premier ministre du Canada): Je désire adresser mes premières paroles aujourd'hui aux citoyens de la nouvelle province canadienne, Terre-Neuve. Je sais que je me fais l'interprète des habitants des neuf autres provinces en vous souhaitant une chaleureuse bienvenue en qualité de compatriotes.

En vous accueillant à titre de concitoyens, nous n'avons pas l'impression que vous, gens de Terre-Neuve, ayez jamais été pour nous des étrangers. En temps de paix, nous avons été heureux de vivre, de travailler à vos côtés. Pendant deux guerres, nous avons été heureux que vous unissiez votre sort au nôtre. Nous partageons les mêmes traditions, les mêmes us et coutumes. Nous sommes, les uns et les autres, fiers de faire partie du Commonwealth des nations britanniques. Nous étions unis, — et nous continuons de l'être, — par un commun loyalisme envers Sa Majesté le roi.

En ce moment, où nous prenons une grande décision dans la vie de Terre-Neuve et de l'ensemble du Canada, les citoyens des neuf vieilles provinces et ceux de Terre-Neuve se rendent compte les uns et les autres que notre commun loyalisme envers Sa Majesté le roi est une circonstance qui a favorisé l'union. Ce commun loyalisme restera un des éléments les plus importants dans la vie de notre nation unie. Ce sont ces pensées qui m'ont poussé à prier Son Excellence le gouverneur général de transmettre un message ce matin, — le premier jour complet de la nouvelle union, — à Sa Majesté le roi George VI, message dont voici le texte:

"A l'occasion de l'entrée de Terre-Neuve dans la Confédération à titre de province du Canada, je transmets à Votre Majesté, au nom du Gouvernement et de la population du Canada, l'expression de notre fervent loyalisme ainsi que nos voeux les plus sincères pour vous-même et Sa Majesté la reine. Les citoyens du Canada, ceux de Terre-Neuve et des autres provinces cana-

seasonal temperatures and have turned out to witness this history-making event. Civil servants have been allowed to take their lunch hour a little earlier today in order to be present, and Parliament Hill is crowded with people.

Just behind the composite guard of honour is the band of the Governor General's Foot Guards, which you will hear later on during the ceremony.

The Prime Minister is preparing to make his address of welcome to the people of Newfoundland.

Right Hon. L. S. ST. LAURENT (Prime Minister): I should like to direct my first words today to the people of the new Canadian province of Newfoundland. I know I am speaking for the people of the other nine provinces when I say that we welcome you warmly as fellow Canadians.

In greeting you as fellow citizens we do not feel that you in Newfoundland have ever been strangers. In peace we have been happy to live and work beside you. In two wars we have been glad you were in our company and we in yours. We have the same traditions and the same way of life. We are both proud of our association in the British Commonwealth of nations. We have shared, and continue to share, a common loyalty to His Majesty the King.

At this time, when we are taking a major step in the life of Newfoundland and of all Canada, the people of the nine older provinces and those of Newfoundland are equally aware that one circumstance that has contributed to union is our common loyalty to His Majesty the King. That common loyalty will continue to be one of the most important forces in the life of our united nation. With those thoughts in mind, I asked His Excellency the Governor General to convey a message this morning — the first full day of the new union — to His Majesty King George VI. The message reads as follows:

"On the occasion of the entry of Newfoundland into confederation as a province of Canada I send to Your Majesty, on behalf of the government and people of Canada, the expression of our devoted loyalty, together with our sincere good wishes to you and to Her Majesty the Queen. The people of Canada, those of Newfoundland and those of the other provinces of

diennes, qui ne font plus maintenant qu'une seule nation sous l'égide de la couronne, sont heureux d'apprendre que la santé de Votre Majesté s'améliore, et s'unissent pour vous souhaiter un prompt rétablissement."

L'union que nous célébrons aujourd'hui n'a été conclue qu'après un minutieux examen de la part des représentants du Canada et de Terre-Neuve.

En 1947, lorsque la députation de votre Convention nationale est venue à Ottawa afin de s'assurer s'il était possible de trouver une formule satisfaisante d'union politique, nous en avons été fort heureux. Nous n'avons pas hésité à préciser que nous envisagions d'un bon oeil la perspective de l'union. Mais nous avons reconnu qu'il vous appartenait d'en décider. Nous nous sommes donc réjouis de ce que, par un vote libre, vous, gens de Terre-Neuve, vous soyez prononcés en faveur de l'union. Et nous sommes heureux de ce que l'union soit réalisée.

En vous souhaitant la bienvenue à titre d'associés dans la nation canadienne, nous, gens du reste du Canada, estimons que vous vous rattachez à un excellent pays, pays dont vous finirez par vous enorgueillir au même titre que nous. Le Canada est un pays qui possède des caractéristiques et des qualités bien à lui. Notre nation doit son origine à l'union de deux grandes races qui ont réuni leurs talents sans confondre leur identité. L'union renferme des gens issus de plusieurs autres nationalités. Notre pays couvre une vaste étendue d'un océan à l'autre et accuse, — au triple point de vue du sol, du climat et de l'industrie, — de profondes différences. D'une extrémité du pays à l'autre, cependant, règne un sentiment de plus en plus profond de la communauté des intérêts et des objectifs. Nous sommes tous fiers d'être Canadiens. Nous sommes fiers de l'histoire du Canada et des réalisations de nos citoyens, hommes et femmes, en temps de paix et en temps de guerre. Nous envisageons avec confiance l'avenir de notre patrie. Nous estimons que notre nation peut garder le front haut au milieu des autres nations.

Au plaisir que nous avons de vous accueillir aujourd'hui, gens de Terre-Neuve, à titre de Canadiens, s'ajoute le sentiment que vous n'auriez pu vous unir à une meilleure nation. L'union officielle est consommée aujourd'hui. L'union réelle cependant, celle des coeurs et des esprits, s'est réalisée pendant la terrible et récente guerre où Canadiens et Terre-neuviens étaient si étroitement unis.

Ce n'est pas seulement durant la guerre que nous avons appris à connaître et à apprécier à

Canada, now one nation under the crown, are happy to learn of Your Majesty's improvement in health, and join in wishing you a speedy recovery."

The union we celebrate today was not concluded without the most careful consideration by representatives of both Canada and Newfoundland.

In 1947, when the delegation from your national convention came to Ottawa to see if a satisfactory basis could be found for the political union, we were pleased. We had no hesitation in making it clear that we would welcome union. But we recognized that the decision was one for you to make yourselves. We were happy when you, the people of Newfoundland, decided by a free vote that you favoured union. And we are happy today to have the union completed.

In welcoming you as partners in the Canadian nation, we of the rest of Canada feel that you are joining a good country, a country of which you will come to be as proud as we are. Canada is a country with a distinctive character and distinctive qualities. Our nation in its origin was a union of two great races that have joined their talents without merging their identities. The union includes peoples of many other national origins. Our country covers a vast area between two oceans, with great differences of soil and climate and industry. But from end to end of Canada there is an ever-deepening sense of community of interest and of purpose. We have a common pride in being Canadians. We are proud of Canada's past and of the record of our men and women in peace and in war. We are confident of our country's future. We feel that our nation can hold its head high among the nations of the world.

With the pleasure we have in welcoming you of Newfoundland as Canadians there is mingled a feeling that you could have joined no better nation. The formal union is completed today. But the real union — the union of hearts and minds — took place in the recent terrible war in which Canadians and Newfoundlanders were so closely joined.

It is not only in war that we have come to know and appreciate the qualities of the people of

leur valeur les qualités des habitants de Terre-Neuve. Durant les siècles qui se sont écoulés depuis le premier établissement de Terre-Neuve, la population de votre île s'est mesurée aux forces de la nature sur mer et sur terre. Au sein de l'adversité et de la prospérité elle a déployé des qualités de coeur et d'esprit qui l'ont rendue célèbre.

L'un de vos fils, E. J. Pratt, a chanté certaines de ces qualités dans ces vers:

"This is their culture, this — their master passion
Of giving shelter and of sharing bread,
Of answering rocket signals in the fashion
Of losing life to save it. In the spread
Of time — the Gilbert-Grenfell-Bartlett span —
The headlines cannot dim their daily story,
Nor calls like London! Gander! Teheran!
Outplay the drama of the sled and dory."

En vous constituant province du Canada, vous, Terre-neuviens, ne perdrez rien du caractère distinctif dont vous êtes fiers à juste titre.

Une province canadienne n'est pas seulement une unité administrative du gouvernement central. Chacune de nos provinces possède une existence et des traditions politiques particulières. Dans le domaine de sa compétence, l'assemblée législative provinciale est souveraine au même titre que le Parlement du Canada dans le sien. La compétence de l'assemblée législative provinciale s'étend aux domaines de l'enseignement, de la propriété et des droits civils, des institutions de charité, locales et municipales. C'est la province aussi qui assume la principale responsabilité en matière de santé publique et de bien-être social.

Lorsqu'ils ont confié à la province un tel pouvoir, les auteurs de la Confédération, dans leur sagesse, lui ont laissé la principale responsabilité pour ce qui est de la protection de la famille, de l'école, de l'Église, fondements mêmes de notre société.

Notre constitution assure donc à chaque province le maintien de ses anciennes traditions, de sa propre culture et de ses caractères distinctifs qui ajoutent à notre vie nationale de la variété et de la couleur.

Terre-Neuve entre aujourd'hui dans la Confédération à titre d'associée parfaite et égale des provinces plus anciennes. J'ai le ferme espoir que la grande majorité de la population de Terre-Neuve et du Canada reconnaîtra de plus en plus les avantages de l'union.

Nous réalisons notre union à une époque difficile pour tous ceux qui ont foi en la liberté et la démocratie, et qui désirent la paix. Les pays li-

Newfoundland. During the centuries since the original settlement of Newfoundland the people of your island have met the forces of nature, on sea and on land. In adversity and in prosperity they have developed qualities of heart and spirit for which they are renowned.

Some of those qualities are referred to by your native son E. J. Pratt, who has written:

"This is their culture, this — their master passion
Of giving shelter and of sharing bread,
Of answering rocket signals in the fashion
Of losing life to save it. In the spread
Of time — the Gilbert-Grenfell-Bartlett span —
The headlines cannot dim their daily story,
Nor calls like London! Gander! Teheran!
Outplay the drama of the sled and dory."

The fact that Newfoundland has become a province of Canada will not cause you to lose your identity, of which you are all so justly proud.

A Canadian province is not a mere administrative unit of the central government. Each of our provinces has its own distinctive political existence and political traditions. Within its field of jurisdiction the provincial legislature is as sovereign as the parliament of Canada is within its field. The provincial legislature has jurisdiction over education; property and civil rights; charitable, local and municipal institutions. To the province also falls the primary responsibility for public health and social welfare.

In entrusting such jurisdiction to the province, the Fathers, in their wisdom, left to the province the primary responsibility for the protection of the family, the school, the church, the very foundations of our society.

Our constitution thus assures to each province the preservation of its ancient traditions, its own culture and all those distinctive characteristics which add variety and colour to our national life.

Newfoundland today enters confederation as a full and equal partner with the older provinces. It is my hope and belief that in the future the advantages of the union will be increasingly recognized by the great majority of the people of Newfoundland and of all Canada.

We are completing our union at a troubled time for all people who believe in freedom and democracy and who hope for peace. The free and

bres et pacifiques de la collectivité de l'Atlantique-Nord prennent des mesures, en conformité des dispositions de la charte de l'Organisation des Nations Unies, afin de se grouper et d'accroître ainsi leur sécurité contre tout agresseur possible.

Terre-Neuve est située au centre même de la collectivité de l'Atlantique-Nord. L'ensemble du Canada occupe une grande partie de la zone de l'Atlantique-Nord. Les nations comprises dans cette zone seront plus en sécurité dans la nouvelle association de l'Atlantique-Nord. De même, le Canada et Terre-Neuve jouiront d'une plus grande sécurité en étant liés par une union fédérale. Dorénavant, tous les Canadiens, anciens et nouveaux, uniront leurs efforts pour maintenir la paix et assurer la sécurité. Et dans un monde où les peuples libres peuvent travailler en sécurité et en paix, les occasions de progrès qui s'offrent au Canada agrandi, qui compte dorénavant dix provinces, sont immenses.

Chez les nôtres, il y en a encore qui ne jouissent pas du niveau de vie auquel, à notre sens, tous les Canadiens ont droit. Il y en a encore qui ne bénéficient pas d'une sécurité suffisante. Nous ne cesserons pas nos efforts en vue d'accroître la prospérité et la sécurité de chacun, dans toutes les parties du Canada.

Cependant, bien qu'il soit encore possible d'améliorer notre situation, il n'est pas de pays au monde où cette amélioration soit plus possible, que dis-je, plus certaine. La richesse du Canada est celle d'un demi-continent. Le talent et l'énergie de nos gens sont ceux d'hommes libres qui travaillent de concert pour le bien de tous. Notre richesse, nos talents, notre énergie et notre collaboration constituent les espérances de notre pays.

Les Terre-neuviens, qui deviennent aujourd'hui citoyens du Canada, se partageront avec les autres Canadiens le travail et la richesse de notre nation. Ensemble, sous l'oeil de Dieu et confiants en l'avenir, nous nous efforcerons d'agrandir et d'améliorer notre pays.

En terminant, j'accueille à titre de collègue dans le gouvernement du Canada l'honorable Gordon Bradley, de Terre-Neuve, qui, ce matin, a été assermenté en qualité de membre du conseil privé et qui devient secrétaire d'État du Canada.

(Texte)

Je tiens à donner aux Terre-neuviens d'hier, Canadiens d'aujourd'hui, l'assurance formelle qu'en leur adressant ces mots de bienvenue en

peace-loving countries of the north Atlantic community are at the present moment taking steps, within the charter of the United Nations, to band themselves together for greater security against any would-be aggressor.

Newfoundland is in the very centre of the north Atlantic community. Canada as a whole occupies a large part of the north Atlantic area. The nations of that whole area will be more secure in the new north Atlantic association. In the same way, Canada and Newfoundland will have greater security in being bound together in federal union. From today all Canadians, old and new, will work as one to preserve peace and to win security. And in a world where free people can work in security and peace, the opportunities for the enlarged Canada, with its ten provinces, are immense.

Among our people there are some who still do not have that standard of living we think all Canadians should have. There are some who still do not enjoy an adequate degree of social security. We shall not cease to work for a larger measure of prosperity and security for all our people in all parts of Canada.

But while there is yet room for improvement, there is no country in the world where that improvement is more possible, or, indeed, more certain. The wealth of Canada is the wealth of half a continent. The talents and the energies of our people are those of free men who work together for the benefit of all. Our wealth, our talents, our energy, and our co-operation constitute the promise of our country.

The people of Newfoundland, who have today become citizens of Canada, will share with the people of the rest of Canada in the work and in the wealth of our nation. Together we shall strive, under God's guidance and with confidence in our future, to build a greater and a better land.

In conclusion I welcome as a colleague in the government of Canada the Honourable Gordon Bradley, of Newfoundland, who this morning was sworn to the privy council and becomes Secretary of State of Canada.

(Translation)

I should like to give to the Newfoundlanders of yesterday, who are Canadians today, the assurance that, in addressing to them these words of

anglais, je le fais tout autant au nom de leurs nouveaux compatriotes dont la langue maternelle est française, qu'au nom de ceux dont c'est la langue anglaise.

Ils font partie maintenant d'une nation dont les deux principaux éléments ont conservé chacun leurs attaches aux traditions, à la culture et à la langue de leurs ancêtres, et cela peut leur être un gage que leur entrée dans cette nouvelle nation ne leur fera rien perdre de leur propre patrimoine ancestral, mais qu'au contraire celui-ci ajoutera ses valeurs aux autres pour l'avantage commun de tous les citoyens canadiens.

(Traduction)

M. Bradley va maintenant adresser la parole aux Canadiens des dix provinces.

L'hon. F. G. **Bradley** (secrétaire d'État): Ce jour vivra longtemps dans les annales de l'Amérique du Nord. En effet, c'est aujourd'hui que se réalise le rêve des grands hommes qui, il y a plus de quatre-vingts ans, jetèrent les bases de la nation canadienne. En ce moment marqué par la destinée, nos pensées se reportent, par delà les années, vers ces hommes clairvoyants de jadis, — Macdonald, Brown et Cartier au Canada, Carter et Shea à Terre-Neuve, — qui voyaient plus grand et plus loin que leur époque et dont la conception d'une Amérique du Nord britannique unie devient aujourd'hui réalité. Nous pouvons les voir aujourd'hui par l'imagination se pencher sur cette scène dans une attitude d'approbation muette et profonde.

La question ne se pose plus de savoir s'ils avaient raison. L'histoire du Canada dont ils ont écrit la première page en 1867 ne permet plus de doute sur ce point; et la logique de ces quatre-vingts ans indique que l'avenir nous réserve à tous un Canada encore plus grand et plus beau.

En ce qui me concerne, ce jour fait passer dans le domaine de la réalité un rêve longtemps caressé. Pendant des années, j'ai cru que nous n'avions pas raison de vivre indépendants l'un de l'autre; que la proximité de mon île natale et de la terre ferme constituait une invitation sans réplique à l'union des deux; que notre allégeance commune et traditionnelle à une même Couronne nous attirait vers l'ouest; que l'identité de nos principes et de nos traditions nous orientait dans la même voie.

Toutes ces considérations nous forçaient de conclure que Macdonald, Brown et Cartier ainsi que Carter et Shea avaient raison. Je suis donc heureux d'avoir vécu jusqu'à ce jour.

J'imagine que cette union ne produira guère d'impression sur la vie des citoyens canadiens

welcome in English, I do so quite as much in the name of their new compatriots whose mother tongue is French, as in the name of those whose language is English.

They belong now to a nation whose two principal races have both retained their attachment to the traditions, to the culture, and to the language of their ancestors. That is the best guarantee to our new fellow citizens that their entry into this union will not cause them to lose their own ancestral patrimony, but that, on the contrary, it will make its contribution with ours to the common good of all Canadian citizens.

(Text)

Mr. Bradley will now address his fellow Canadians in all the ten provinces.

Hon. F. G. **Bradley** (Secretary of State): This is a day which will live long in North American history. It is a day of fulfilment — fulfilment of a vision of great men who planned the nation of Canada more than eighty years ago; and as we stand here on this day of destiny our thoughts fly back through the years to those far-seeing men of the past — Macdonald, Brown, and Cartier in Canada, and Carter and Shea in Newfoundland — whose vision was broader and deeper than their times, and whose conception of a united British North America has just become a reality. In fancy we can see them now, bending over this scene in silent and profound approval.

That they were right is not now open to question. The history of the Canada they began in 1867 leaves no room for doubt upon that point, and the logic of these eighty years indicates that a still greater and better Canada for us all lies in the future.

For me this day transforms a dream of long ago into an accomplished fact. For many years I have felt that our similar independence was unsound; that the close proximity of my native island to the mainland constituted a clear call for union with Canada; that the allegiance to one crown, which we have always shared with Canada, beckoned us westward; that the identity of our principles and traditions pointed in the same direction.

All these considerations led irrevocably to but one conclusion — that Macdonald, Brown and Cartier, and Carter and Shea, were right; and I am happy that this day has come in my time.

I suppose that this union will make hardly any appreciable impression upon the lives of the citi-

d'hier mais pour le peuple de la nouvelle province, les changements seront profonds et durables.

A certains égards, il cessera d'être le seul maître de sa destinée, mais en retour, il acquiert le droit de prendre place dans les conseils d'une grande nation, — le Nouveau Canada, — dont il fera désormais partie; il devra s'habituer à un nouveau régime de gouvernement, le régime fédéral, qui le rattache à tous les Canadiens sans toutefois le dépouiller de l'individualité dont il a toujours été si fier. Les Terre-neuviens connaîtront de nouvelles avenues commerciales, de nouvelles normes de lois sociales, de nouvelles méthodes fiscales ainsi qu'une nouvelle mesure de responsabilité en tant que citoyens du Nouveau Canada.

A l'époque de Macdonald, la Confédération était quelque chose de relativement simple, mais étant donné les complexités et les incertitudes du monde contemporain, il est inévitable que la transition d'un régime à l'autre donne lieu à diverses épreuves. Nous devrons faire face aux problèmes qui se poseront d'ici quelques mois et, peut-être, d'ici quelques années, mais l'expérience du passé nous convainc que leur solution sera désormais plus facile.

La période d'adaptation est déjà commencée et les Canadiens de Terre-Neuve sont vivement impressionnés par la facilité avec laquelle ceux que je puis bien appeler les anciens Canadiens ont compris leurs problèmes, ainsi que par leur désir sincère de collaborer avec nous pour opérer la transition avec le plus d'harmonie et le moins de heurts possibles.

Notre vie de peuple uni commence donc dans une atmosphère de concorde. Nous sommes maintenant tous Canadiens. Aujourd'hui plus que jamais, on peut dire de ce pays qu'il s'étend d'un océan à l'autre. Des côtes orientales de la nouvelle province de Terre-Neuve au littoral de la Colombie-Britannique, allons ensemble de l'avant en nous guidant avec confiance sur les principes et les traditions que nous avons en commun. C'est ainsi que nous deviendrons plus puissants et plus prospères et que se réalisera, aux yeux du monde entier, la vision prophétique d'un grand Canadien, sir Wilfrid Laurier, qui a prédit que le vingtième siècle serait le siècle du Canada.

A l'occasion de l'inscription des armes de Terre-Neuve sur la tour de la Paix.

Le très honorable L. S. ST-LAURENT (premier ministre du Canada): Le monument le plus caractéristique de la capitale du Canada, c'est la tour devant laquelle nous sommes réunis. La plupart des Canadiens connaissent cette tour, pour

zens of Canada of yesterday, but to the people of the new province the changes will be deep and abiding.

In some matters they will lose that exclusiveness of control of their own destinies which they have heretofore enjoyed, and in return they acquire a share in the councils of a great nation — the new Canada — of which they have become a part; they must accustom themselves to a new system of government — the federal system — which links them with all Canadians and yet assures them of a continuance of that identity of which they have always been so proud. They will experience new channelings of trade, new standards of social legislation, new methods of taxation, and a new measure of responsibility as citizens of the New Canada.

Confederation in the days of Macdonald was perhaps comparatively simple, but in the complexities and uncertainties of our modern world it is inevitable that in the process of adjustment to their changed status there will be stresses and strains. We shall have to meet these problems as they arise within the next few months, and perhaps the next few years; and yet out of the experience of the past we may confidently expect that they will not prove as difficult in the future.

Indeed, that process of adjustment has already begun, and we Newfoundland Canadians have been deeply impressed by the speedy recognition of our problems by those whom I may term the older Canadians, and their sincere desire to cooperate with us in effecting the transition as smoothly and with as little dislocation as possible.

Thus we begin life as one people in an atmosphere of unity. We are all Canadians now. Now, as never before, can it be said of this land that her bounds extend from sea to sea. From the eastern shores of the new province of Newfoundland to the coast of British Columbia let us go forward together with faith in the principles and traditions which we hold in common. Thus shall we grow in strength and prosperity. Thus will the prophetic vision of that great Canadian, Sir Wilfrid Laurier, when he said that the twentieth century belonged to Canada, be acknowledged by the whole world.

Inscribing the Arms of Newfoundland on the Peace Tower:

Right Hon. L. S. ST. LAURENT (Prime Minister): The dominating feature of the capital of Canada is the tower before which we now are standing. It has become known, through visit or photograph or painting, to almost every Cana-

l'avoir vue de leurs propres yeux ou par des photographies ou des tableaux. Elle est pour les Canadiens le symbole de la Confédération, de son esprit et de son caractère.

Cette tour fut érigée sur les ruines du vieil immeuble du Parlement, détruit par un incendie en 1916. Lors de sa construction, elle fut dédiée à la Paix et, sur la voûte qui la soutient, on a inscrit les armoiries des neuf provinces du Canada. Les architectes et les maçons chargés de ce travail ont cependant placé dix écussons au lieu de neuf. L'un d'eux devait attendre ses armoiries jusqu'au jour, entrevu par les auteurs de la Confédération, où Terre-Neuve s'unirait au Canada. Ce jour est arrivé.

Il m'est très agréable à titre de premier ministre de graver le premier trait sur l'écusson qui portera les armoiries de la vieille colonie de Terre-Neuve, maintenant la dixième province du Canada.

Je le fais pour moi-même et au nom de mon prédécesseur M. Mackenzie King qui, alors qu'il était premier ministre, a joué un rôle décisif dans la préparation de l'union.

Je suis persuadé que cette inscription gravée dans cette pierre dure et durable ne sera pas plus permanente que l'union dont elle est le symbole.

(Le très hon. L. S. St-Laurent a prononcé en anglais puis en français la même allocution.)

ALLOCUTION DE SON EXCELLENCE LE TRÈS HONORABLE VICOMTE ALEXANDER DE TUNIS

Sa Majesté le Roi me fait l'honneur de transmettre aujourd'hui le message qu'Elle a daigné adresser aux habitants de Terre-Neuve et à tous ceux qui, dans les autres parties du Canada, sont maintenant devenus leurs concitoyens. Sa Majesté s'exprime en ces termes:

"Au nom de la Reine et en mon propre nom, je vous prie de porter à la connaissance du Gouvernement et du peuple canadien notre reconnaissance pour le message de loyauté et les bons voeux que vous m'avez fait parvenir. Je suis heureux, en ce mémorable événement, d'envoyer mes meilleurs souhaits aux citoyens d'un Canada plus vaste, à ceux des vieilles provinces comme à ceux de la nouvelle province de Terre-Neuve, qui marcheront maintenant la main dans la main vers de nouvelles et hautes destinées. C'est aujourd'hui même que se réalise la fusion en une seule grande nation de tous les peuples du Commonwealth qui habitent l'Amérique britannique du Nord. Puisse l'union maintenant consommée contribuer à accroître, sous l'égide de Dieu, la puissance, la prospérité et le bonheur de toute la population, d'un océan à l'autre, et lui valoir de nouveaux avantages."

dian. To Canadians it is a symbol of our confederation, and of its spirit and character.

The tower arose out of the ashes of the old Parliament Building which was destroyed by fire in 1916. When it was built it was dedicated to peace, and on the arch of its base were inscribed the coats of arms of the nine provinces of Canada. The architects and stonecutters charged with the work, however, carved ten shields instead of nine. One was left blank for the day, which the fathers of confederation had foreseen, when Newfoundland would join Canada. That day has come.

It is most gratifying to me as Prime Minister of Canada to cut the first line on the shield that will bear the arms of the ancient colony of Newfoundland, now the tenth province of Canada.

I do so, for my own part and on behalf of my predecessor, Mr. Mackenzie King, who as Prime Minister had a large and decisive part in bringing about the union.

I feel confident that the inscription in hard and enduring stone will not be more lasting than the union of which it is the symbol.

(These remarks repeated by Mr. St. Laurent in French.)

ADDRESS OF HIS EXCELLENCY THE GOVERNOR GENERAL

It is my privilege today in speaking to the people of Newfoundland, and to those who are now their fellow citizens in the rest of Canada, to convey a message from His Majesty the King. The message is as follows:

"Please convey to the government and people of Canada on behalf of the Queen and myself our appreciation of the message of loyalty and good wishes which you sent me. On this historic occasion I am glad to send my good wishes to the people of the greater Canada — to those of the old provinces and to those of the new province of Newfoundland — who will now go forward together to the high destiny that awaits them. Today marks the fulfilment of the union into one great nation of all peoples of the British commonwealth in the northern part of North America. May the union that is now complete continue, under God's guidance, to grow in strength, prosperity, happiness, and may it bring new benefits to its people from sea to sea."

Comme représentant de Sa Majesté et en ma qualité de Gouverneur général du Canada, c'est pour moi un plaisir tout particulier que de transmettre ce message en une circonstance aussi solennelle.

La cérémonie à laquelle nous venons d'assister, c'est-à-dire le début de la sculpture des armes de Terre-Neuve sur le dixième des écussons qui figurent dans la voûte de la tour de la Paix, est un parfait symbole de l'événement que nous célébrons aujourd'hui. Quand fut discutée à la conférence de Québec, en 1864, l'Union des colonies britanniques de l'Amérique du Nord, Terre-Neuve y était représentée. On s'attendait alors à voir cette île faire partie de l'union projetée, mais lorsque fut consommée la Confédération, devenue aujourd'hui le Canada, on eut l'impression que Terre-Neuve, n'en faisant pas partie, l'union n'était pas complète. Cette lacune se trouve maintenant comblée.

Lors de l'achèvement de la voûte de la tour de la Paix, l'opinion des fondateurs de la Confédération se trouva confirmée par le sens de la proportion dont l'architecte fit preuve. Avec seulement neuf écussons, il ne pouvait songer à réunir la beauté et la symétrie en un harmonieux équilibre. Et ainsi, la voûte, comme l'union, resta inachevée jusqu'à ce que le peuple de Terre-Neuve décidât de faire partie de la confédération projetée jadis par ses représentants. Cette décision a été prise. La voûte et l'union sont maintenant complètes.

Bien que je n'aie pas encore eu l'occasion de visiter Terre-Neuve, les qualités de son peuple ne me sont certes pas inconnues. La réputation établie au cours de la guerre de 1914-1918 par le *Royal Newfoundland Regiment* sera toujours une source de fierté pour cette île que ses fils ont rendue célèbre. J'ai eu sous mon commandement en Italie, au cours de la dernière guerre, le 166^{e} régiment de campagne de l'artillerie royale de Terre-Neuve, qui a si merveilleusement maintenu la réputation établie par les fils de cette nouvelle province durant la Première Guerre mondiale. L'aide apportée par le 166e régiment à la Première division canadienne à Ortona, en Italie, était peut-être un présage de l'union qui se trouve aujourd'hui réalisée.

En ma qualité de Gouverneur général du Canada, c'est pour moi un plaisir tout particulier que de pouvoir accueillir les habitants de Terre-Neuve comme citoyens du pays où j'ai l'honneur de représenter Sa Majesté le Roi. J'espère qu'il me sera permis, dans un avenir rapproché, de visiter le peuple de la nouvelle province dans son île et de saluer de nouveau quelques-uns des vail-

As representative of His Majesty, and as Governor General of Canada, it is a special pleasure for me to be able to convey that message on so historic an occasion.

The ceremony we have witnessed, the beginning of the carving of the arms of Newfoundland on the tenth shield in the arch of the Peace Tower, is a perfect symbol of the event we celebrate today. When union of the British colonies in North America was discussed at Quebec in 1864, Newfoundland was represented. At that time it was expected that Newfoundland would form a part of the proposed union. When the confederation that is now Canada was established, and Newfoundland was not included, the union was felt to be incomplete. It has remained incomplete until today.

When the arch in the Peace Tower was constructed, the sense of proportion of the architect confirmed the judgment of the fathers who had planned confederation. With only nine shields, no balance could be achieved that would satisfy the requirements of beauty and symmetry. And so the arch, like the union, was unfinished until the people of Newfoundland decided to join in the union which their representatives originally helped to plan. The people of Newfoundland have now so decided. The arch and the union will now be complete.

While I have not yet had occasion to visit Newfoundland, the qualities of its people are by no means unknown to me. The reputation established by the Royal Newfoundland regiment in the war of 1914-18 will always be a source of pride to the island whose sons that regiment made famous. In the last war I had under my own command in Italy the 166th (Newfoundland) Field regiment, Royal Artillery, which carried on so well the reputation established by the sons of Newfoundland in the first world war. It was, perhaps, an augury of the union being completed today that the 166th regiment was in support of the first Canadian division at Ortona in Italy.

As Governor General of Canada it is a pleasure for me to be able to welcome the people of Newfoundland into the country in which it is my privilege to represent His Majesty the King. I trust it will soon be my pleasure to visit the people of the new province in their own island and to greet again some of the gallant men who served under my command in Italy. To them, and to all the

lants soldats qui ont combattu sous mon commandement en Italie. Je suis donc heureux d'accueillir ces derniers, ainsi que tous les Terreneuviens, au nombre des citoyens du Canada.

Dieu sauve le Roi.
Ode à Terre-Neuve.
O Canada.
Salut royal.

Le narrateur: Le gouverneur général et le groupe officiel s'apprêtent à quitter l'estrade érigée sur les marches de la tour de la Paix, sur la colline parlementaire à Ottawa, à l'entrée du Parlement. Le gouverneur général et le premier ministre ont maintenant quitté l'estrade et M. King cause avec le nouveau secrétaire d'État, l'honorable M. Bradley.

Ainsi se termine la cérémonie officielle qui s'est déroulée sur la colline du Parlement à Ottawa à l'occasion de l'union de Terre-Neuve au Canada à titre de dixième province.

Avant de vous retourner à nos studios où nous reprendrons nos programmes réguliers, nous vous présentons M. Robert Donnell, carillonneur officiel du Canada, qui exécutera *This Canada of Ours*, pièce qu'il a composée spécialement pour les cérémonies d'octroi de la citoyenneté qui ont eu lieu en janvier 1947.

(Carillon)

La garde d'honneur composée de membres de l'Armée et de l'Aviation, sous le commandement du major A. E. Wood, se prépare maintenant à partir. (Soit dit en passant, c'est en même temps jour de fête pour le Corps d'Aviation Royal Canadien qui célèbre aujourd'hui son vingt-cinquième anniversaire). Il y a sans doute plusieurs Terre-neuviens dans la garde d'honneur.

Les photographes prennent maintenant des photographies de l'écusson dédié par le premier ministre. Au cours de la cérémonie, il a commencé à tailler la pierre de l'écusson qui doit porter les armoiries de la province de Terre-Neuve, une des premières du Nouveau-Monde. Les armoiries actuelles du Canada ne remontent qu'au mois de novembre 1921, bien que des armoiries plus anciennes du Dominion du Canada aient été adoptées à la suite d'un mandat du Roi en date du 26 mai 1868, lesquelles armoiries ne comportaient alors que celles des quatres premières provinces et avaient été approuvées à l'époque par le même mandat royal.

people of Newfoundland, I send today a word of greeting and of welcome as citizens of Canada.

God Save the King
Ode to Newfoundland
O Canada
Royal Salute

Commentator: The Governor General and the official party are now preparing to leave the platform which has been erected on the steps of the Peace Tower here at the houses of parliament on parliament hill in Ottawa. The Governor General and the Prime Minister have left the platform, and Mr. King is speaking with the new Secretary of State, the Honourable Mr. Bradley.

That concludes the official ceremony from parliament hill in Ottawa, linking Newfoundland with Canada as its tenth province.

Before returning you to our studios and our regular broadcasting schedule, we shall hear from Robert Donnell, Canada's official carilloneur, who will play "This Canada of Ours," his own composition, specially written for the citizenship ceremonies held in January of 1947.

(Carillon)

The composite guard of honour, made up of members of the army and air force, commanded by Major A. E. Wood, is now preparing to leave. Incidentally this is also a great day for the air force, since today marks the twenty-fifth anniversary of the Royal Canadian Air Force. Doubtless there are many Newfoundland boys in the guard of honour.

Photographers are now taking pictures of the shield which was inscribed by the Prime Minister. During the ceremony the Prime Minister carved the first stone from the shield which will bear the coat of arms of the province of Newfoundland, one of the first to appear in the new world. The present coat of arms of Canada dates only from November, 1921, although an earlier Dominion of Canada coat of arms came into use following a royal warrant dated May 26, 1868, which coat of arms was composed merely of the four original provinces' coats of arms assigned at the time and by the same warrant.

1032. PCO-CRF

Le lieutenant-gouverneur de Terre-Neuve au secrétaire d'État aux Affaires extérieures[226]

Lieutenant-Governor of Newfoundland to Secretary of State for External Affairs[226]

TELEGRAM 1 St. John's, April 2, 1949

Would you please request His Excellency the Governor General to convey to His Majesty the King with my humble duty an expression of loyalty to His Most Gracious Majesty, King George VI and of firm allegiance to the Throne from the Provincial Government and people of Newfoundland.

1033. PCO-CRF

Le lieutenant-gouverneur de Terre-Neuve au secrétaire d'État aux Affaires extérieures

Lieutenant-Governor of Newfoundland to Secretary of State for External Affairs

TELEGRAM 2 St. John's, April 2, 1949

Would you please convey to His Excellency the Governor General and through him [to] the Government and the people of older Canada greetings and good wishes of the Honourable Premier and members of the Cabinet of the Provincial Government of Newfoundland and of myself. On this historic occasion they echo sentiments expressed by the Right Honourable Prime Minister of Canada and will ever strive under God and [His] guidance and with confidence in the future to build a greater and better Canada. I take advantage of this opportunity to convey to you congratulations upon the high and responsible post to which you have been appointed and which we recognize as a great compliment to yourself personally and to the new Province.

1034. 10300-D-40

Les bureaux du gouvernement du Canada à Terre-Neuve au secrétaire d'État aux Affaires extérieures[227]

Canadian Government Offices in Newfoundland to Secretary of State for External Affairs[227]

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[226]Les messages dans ce document et le suivant étaient évidemment adressés à F. G. Bradley, bien que le document indique le secrétaire d'État aux Affaires extérieures comme destinataire. Les Décrets en Conseil ayant trait à la nomination de F. G. Bradley comme secrétaire d'État sont reproduits aux documents 1149 et 1150.

[227]Ce télégramme fut signalé au Premier ministre.

[226]The messages in this and the following document were evidently addressed to F. G. Bradley, although the Secretary of State for External Affairs is indicated as the addressee. The Orders in Council relating to the appointment of F. G. Bradley as Secretary of State are reproduced in Documents 1149 and 1150.

[227]This telegram was referred to the Prime Minister.

TELETYPE 292 St. John's, April 4, 1949

Following for MacKay from Bridle, Begins: So far as my observations extend all I can say is that the passage of Newfoundland from its old status into that of a Canadian province took place with a maximum of dignity, understanding, and goodwill. Furthermore, on the level of administration, the change-over appears so far to have been relatively smooth and to have been attended by a minimum of dislocation.

The Honourable Colin Gibson arrived with his party by special 'plane on March 30th and was met at the airport by Captain Gordon Warren, A.D.C.[228] to the Administrator, the Honourable H. L. Pottle, Commissioner for Home Affairs and Education, representing the Commission of Government, and myself. On the following day he called on the Administrator and received Sir Albert Walsh, the Lieutenant-Governor designate. During these interviews preparations for the Newfoundland part of the confederation ceremony were reviewed.

On the afternoon of April 1st, Mr. Gibson and his party accompanied by my wife and myself, proceeded to Government House where Mr. Gibson received the Administrator. About one hundred official guests assembled in the ballroom and shortly before the ceremony was to commence, they were admitted to the adjoining drawing room where Mr. Gibson, the Lieutenant-Governor designate, and the Administrator, attended by the Secretary for Home Affairs and the A.D.C., were waiting for the proceedings to commence. They stood in front of two panelled doors and behind a table upon which a microphone and the necessary papers had been placed. The Newfoundland radio commentator was stationed in a corner of the room with an additional microphone. Newspaper correspondents and press and official photographers, as well as newsreel cameramen, had been admitted and were busy throughout the ceremony making notes and taking pictures. They were confined to an area between the guests and the principals in the ceremony.

The Newfoundland portion of the ceremony commenced and finished promptly and was carried out smoothly and punctiliously. The Ottawa portion of the ceremony was then heard over a public address system which had been installed for this purpose. I have already described to you in an earlier teletype the subsequent part of the proceedings at Government House.[229]

Later in the afternoon Mr. Gibson called on His Worship the Mayor. Mr. Gibson and his party left St. John's by air on the morning of April 2nd.

The Confederation ceremony was, if I may say so, extremely well conceived and equally well executed. I understand that it was clearly heard by those listening in by radio and I know that it impressed even those who are not enthusiastic about Confederation with its dignity and good taste. The Prime Minister's speech was remarked upon particularly as being forthright and vigorous and at the same time friendly and understanding.

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[228] Aide-de-camp.

[229] Voir le document 938. [229] See Document 938.

Other factors helped to mark the occasion in an appropriate manner. The Canadian Gov rnment's advertisement welcoming the people of Newfoundland arrived in time to appear in both the St. John's daily newspapers on April 1st and occupied a full page in each of them. It was a fine piece of work and has created a good impression here. Incidentally it did not appear in the special Confederation issue of the *Sunday Herald*, as it evidently did not reach that newspaper before its publication date. Both St. John's daily newspapers carried a great deal of both written and pictorial material relating to the Confederation ceremony and to the occasion of Confederation generally on April 1st and 2nd. Included in this material were the texts of some of the addresses made at the ceremony and goodwill messages which had been received here from various organizations in Canada. On the evening of April 1st the C.B.C. special Newfoundland programme was heard here. It has received praise from everyone with whom I have discussed it. The C.B.C. are to be congratulated on producing a programme on this occasion which could not have been better received by almost all Newfoundlanders, whatever their political views. Another development which has impressed Newfoundlanders is the appointment of the Honourable F. G. Bradley as Secretary of State. Most Newfoundlanders seem to feel that this appointment is a signal honour to Newfoundland.

I would not like you to think that the first day of Confederation was marked in Newfoundland by universal rejoicing. It is reported that spontaneous celebrations were held in many widely scattered parts of the island but the mood in St. John's was generally quiet and even solemn. In spite of slight apprehension in some quarters there was no trouble or public disturbance of any kind in St. John's, or, so far as I know in any other part of the island. Even the mooted mock funeral did not take place and there were no crowds assembled anywhere. At the same time the blinds were drawn in some houses in St. John's on April 1st and a few flew a black flag or the pink, white, and green flag which, while not the official Newfoundland flag, has for many years been flown upon occasion by those wishing to give expression to Newfoundland national feeling. The Union Jack was flown on the Colonial Building and in the grounds of Government House on April 1st. I am told that some enterprising wag lowered the latter to half-mast during the latter part of the afternoon.

Such minor manifestations as these were certainly to be expected. Indeed, I think that many Newfoundlanders, while not sharing the sentiments of those who indulged in them, felt in the actual moment of Confederation an almost inevitable sadness. Judge Harry Winter, for example, than whom there has been no firmer Confederate for years, looked solemn at the ceremony. It would, I think, be unnatural if any true Newfoundlander did not feel like this at the time of the change, particularly under the influence of the forms and solemnity of the ceremony itself. At the same time I would judge that there are a great many Newfoundlanders who did not share this feeling to any significant extent, and, in the case of the majority of those who did, it will almost certainly be a feeling that will pass.

As for Major Cashin, I am told that he made a very extreme radio speech on the evening of March 31st. As I did not hear the speech I cannot vouch for this.

At any rate it would be surprising if he did not make some gesture of this kind. It may also be of interest that Mr. Jack Higgins, the second member of the trio which has for the past few months continued to keep up the cry of the old Responsible Government League, read a paper to a meeting of the Patrician Association on the evening of April 2nd on the subject of "The analogy of the union of Ireland and England and union between Canada and Newfoundland." As you no doubt know, Mr. Fred Marshall, the third member of the trio, wrote a letter† shortly before the date of union to the speaker of the House of Commons protesting against union.

Those are, after all, very minor manifestations. I feel sure that through its programme of April 1st the Canadian Government has taken a first major step toward solidifying the very wide support which already exists for Confederation and toward impressing other elements in the community with the fact that it is, after all, a good country they are joining.

The change-over in Government I have already briefly described to you. It seems to have taken place very smoothly. I have as yet no very clear idea as to how the general public reacted either to Sir Albert Walsh's appointment as Lieutenant-Governor, or to Mr. Smallwood's becoming the first Premier. The attitude of the public toward Mr. Smallwood is probably little different today from what it was before he became Premier. One hears various comments regarding the strength of his interim Cabinet. While many of its members are untried, it is certainly too early to attempt to form a judgment on them and their conduct of affairs during the pre-election period will of course have an effect upon the manner in which they are eventually received by their fellow-countrymen. I will, incidentally, endeavour to send you some information about some of the less well known members of the administration.

Would like to refer in closing to a remark made to a friend of mine by the correspondent of an important English newspaper who was in St. John's to report on the events of the past few days and who was emphatic in his praise of the manner in which the Canadian authorities have handled their part of the change-over. He said that Confederation had come to Newfoundland in a pair of soft-soled shoes. It also came, I am glad to say, in a garb which commanded attention and, I am inclined to think, something more than respect. The correspondent's remark is in a sense, enough, however. That was our minimum objective; and if we did somewhat better, well and good. Ends.

PARTIE 3/PART 3

LA CONFÉDÉRATION ET L'ÉCONOMIE DE TERRE-NEUVE
CONFEDERATION AND THE NEWFOUNDLAND ECONOMY

1035. NPA/GN10 438(10)

Le président, Associated Newfoundland Industries Ltd., au président, la délégation de Terre-Neuve aux négociations des Conditions de l'union

President, Associated Newfoundland Industries Ltd., to Chairman, Delegation of Newfoundland to the Negotiations of the Terms of Union

St. John's, August 6, 1948

Dear Sir,

In the study of the economic impact of Confederation on Newfoundland, a matter of great importance will be its effect on the manufacturing industries at present established in this country.

In this connection we would like to bring to the attention of the Ottawa Delegation, through you, the existence of our organization, the Associated Newfoundland Industries Ltd.

This organization has been in being many years, although it was only incorporated in 1938. It is interested in all matters affecting manufacturing generally in Newfoundland, and is representative of the various types of manufacture carried on in this country.

The Association feels that Confederation will have an extremely serious effect on manufacturing in Newfoundland and is anxious to do all it can in the interest of the industries it represents.

It is presumed that our organization will be afforded an opportunity to discuss these matters with the Delegation before it leaves for Ottawa, and we would be pleased to do so whenever convenient to you.

Yours faithfully,

J. B. ANGEL

1036. 2828-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 167 St. John's, August 10, 1948

IMMEDIATE. The following is the text of an official statement which was published in the press here this morning. The substance of the statement was read over the radio last night:

"It is hereby notified for general information that the Commission of Government have made enquiries as to the date by which Confederation with Canada may be effected.

2. The Commission had particularly in mind the fact that Newfoundland commercial interests would wish to arrange for the importation of essential supplies the price of which will be affected by Confederation.

3. The Government of Canada have informed the Commission of Government that in their opinion it would not be practicable to effect union before the 31st March 1949. The Government of Newfoundland agree with this view.

4. When the definite date of union is finally agreed upon a further announcement will be issued."

1037. 2828-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 398 St. John's, August 10, 1948

Sir,

The adjustment of Newfoundland business to the new conditions which will be created by Confederation will no doubt be a somewhat gradual process. When the time of union approaches more closely and the actual conditions under which Newfoundland will enter Confederation are more fully determined, it will, I think, be found desirable for the Canadian Government to do everything in its power to make information available to Newfoundland business regarding the various factors in the new situation which will affect its plans.

2. Many Newfoundland businessmen are already beginning to interest themselves in forming an understanding of some of the ways in which Confederation will affect their transactions, their main interest at present apparently lying in the related questions of how Canada will shape up as a duty-free source of supply, and of how purchasing normally done in the United States will be affected by Confederation. Since the Prime Minister's statement of July 30th regarding Newfoundland's political future,[230] the Commercial Secretary has been receiving a number of enquiries bearing on these points. I understand, too, that the Managers of the Canadian banks in St. John's are finding that their customers are beginning to evince a concrete interest in conditions affecting Canadian business.

3. As a result of the enquiries which he has been receiving and through conversations which he has had with local businessmen, the Commercial Secretary has been able to form a reasonably clear impression of the lines along which Newfoundland businessmen are beginning to think in their efforts to adjust to the conditions which will exist here when Confederation takes place. It is of considerable importance that this Office should, at this stage, afford a maximum service to Newfoundland business in this connection. The Commercial Secretary has been able to answer enquiries received so far either immediately or by reference to Ottawa. He would like, however, to be in a position to discuss the various factors involved with Newfoundland businessmen on the basis of first-hand knowledge of existing circumstances. I agree that this is highly desirable for, while we have or can easily acquire factual information to which enquirers can be referred, it would be much more satisfactory if the Commercial Secretary were in a position to discuss and interpret regulations as they apply in practice. There are, of course, certain relatively simple fields to which this observation would hardly apply, but such matters as the customs tariff, emergency exchange control regulations, and freight rates, to name but a few, can be properly explained to a

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[230]Voir le document 669.

[230]See Document 669.

businessman with a specific problem in mind only by a person who has had an opportunity to familiarize himself at first-hand with the relevant regulations.

4. I would therefore recommend that the Commercial Secretary should proceed to Ottawa at the earliest opportunity for discussions with his own Department and with other Departments and agencies of the Government, for the purpose of familiarizing himself with the details of the various regulations which will affect Newfoundland business under Confederation. I think that the present would be an opportune time for him to make the trip. As I have said, he has now had an opportunity to form an impression of the kind of problem which is beginning to exercise the minds of Newfoundland businessmen. At the same time, it would, I think, be desirable for him to be in a position to afford them maximum assistance at this time when they have fairly open minds on the matters involved and are seeking information and advice. The more quickly accurate and up-to-date information is made available to Newfoundland businessmen, the less likely they are to be under misapprehensions about the effect of Confederation on their trade. Moreover, it would perhaps be desirable for them to have as clear an understanding as possible of the real facts as a background against which to consider the full terms and arrangements for Confederation which will emerge from the forthcoming negotiations.

5. The matters about which the Commercial Secretary feels that Newfoundland businessmen will desire information include the following: customs legislation and the customs tariff, excise and sales taxes, customs drawbacks, emergency exchange control regulations, goods prohibited for reasons not to do with exchange control, export licensing and control, price and rent control, and freight rates.

6. The Commercial Secretary is making an independent report to his own Department on this matter. I understand that he is prepared to fly to Ottawa next weekend. If you concur in the recommendation made in this despatch, I would appreciate your advising the Department of Trade and Commerce accordingly.

I have etc.

PAUL A. BRIDLE

1038. NPA/GN10 438(19)

Extrait d'un mémorandum de la Bay of Islands Businessmen's Association[231]

Extract from Memorandum by Bay of Islands Businessmen's Association[231]

August 10, 1948

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UNITED STATES IMPORTS

In view of the fact that Newfoundland has enjoyed a favourable trade balance with the United States and also that many parts of commerce and industry have,

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[231] Voir le paragraphe 18 du document 682.

[231] See paragraph 18 of Document 682.

for years, been practically dependent upon United States sources of supply, cannot some special consideration be given to Newfoundland importers under existing Canadian import controls — which have never applied to Newfoundland — for a transitional period, in order not to upset the whole sections of industry and commerce.

. . .

1039. NPA/GN10 438(12)

Extraits d'une lettre du secrétaire, la Chambre de Commerce de Terre-Neuve, au président, la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extracts from Letter from Secretary, Newfoundland Board of Trade, to Chairman, Delegation of Newfoundland to the Negotiations of the Terms of Union

St. John's, August 13, 1948

Dear Sir,

I am directed to write you as Chairman of the Delegation recently appointed by the Governor, for the purpose of conducting negotiations with officials of the Canadian Government regarding terms of Union between Canada and Newfoundland.

As you are aware, the impact of Confederation with Canada on the whole commercial structure of Newfoundland is such that the necessary adjustments cannot be made within a short period without serious disruption of business. Newfoundland's long-established methods of business are naturally related to the peculiar living habits of the Newfoundland people over many centuries, and are governed as well by the wide geographical distribution of the population.

In order, therefore, to enable Newfoundland business houses to discharge their traditional obligation to serve the varying needs of the people, special consideration will have to be given to a number of important problems which confront Newfoundland business as a result of the sudden radical changes in our historic trading methods which Confederation with Canada will involve. We feel that the Canadian authorities expect to make certain allowances to Newfoundland which would not apply to other Canadian Provinces which, unlike this country, have developed under the Federal system.[. . .]

We set down hereunder, in outline, a number of questions which come to mind, but these are merely for purposes of illustration, and are by no means exhaustive:

1. The difficulties inherent in our trading relations with countries in the sterling areas.

2. The provision of United States exchange and relief from the present Canadian import restrictions on commodities, the supply of which will have to come, or may be more economically obtained from countries other than Canada.

3. The position of holders of duty-paid Canadian stocks which will in future have no duty payable on them, as well as the position of holders of English or

American goods on which was paid a rate of duty higher than the new Canadian tariff would assess. There is also the question of outstanding commitments in regard to various importations from countries other than Canada. There are a number of methods of dealing with this situation by which procurement of the ordinary requirements of Newfoundland may be assured, as well as the legitimate interests of importers protected.

4. It would appear, under the Confederation terms, that goods carried by Rail to St. John's would pay a lower freight than goods carried by steamer. Since it is not physically possible for the Railway, with its existing facilities, to transport all Newfoundland's requirements, the question of ocean transportation requires special consideration, and also transportation for our exports which will enable us to compete with Canadian National Steamship services to the South, on terms and conditions comparable with Halifax and Saint John, N.B. There are a number of precedents for special treatment in Canadian transportation services which may be cited.

These and other questions, it seems to us, obviously require special treatment if a most serious suspension of trading activity over a prolonged period is to be avoided, and the obligations of business houses to primary producers, and other individuals all over Newfoundland, are to be met. They are of such importance to the general welfare that we recommend, most strongly, that trade representatives should be called upon to collaborate with your delegation, both in their preparatory work and during the course of discussions at Ottawa.

If this idea is acceptable to you, this Board will be happy to nominate representatives who would be prepared to assist in every way possible.

Yours faithfully,

H. T. RENOUF

1040. NPA/GN10 438(10)

Le secrétaire, la délégation de Terre-Neuve aux négociations des Conditions de l'union, au président, Associated Newfoundland Industries Ltd.[232]

Secretary, Delegation of Newfoundland to the Negotiations of the Terms of Union, to President, Associated Newfoundland Industries Ltd.[232]

St. John's, August 28, 1948

Dear Sir,

I am directed to inform you that the Newfoundland Delegation has recently considered your letter to the Chairman dated the 6th of August, 1948 wherein

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[232]Une lettre semblable fut envoyée à la Chambre de Commerce de Terre-Neuve.

[232]A similar letter was sent to the Newfoundland Board of Trade.

you enquire whether it will be possible for you to have a discussion with the Delegation before it leaves for Ottawa.

2. In reply, it is now requested that you kindly submit a detailed memorandum covering the various matters which you wish to discuss with the Delegation, upon receipt of which an opportunity will be afforded representatives of your organization to meet the Delegation for the purpose of a joint discussion thereon at an early date.

3. In order to facilitate the members in their examination of your memorandum, it would be appreciated if eight copies thereof could be made available.

Yours very truly,

J. G. CHANNING

1041. 10202-40

Mémorandum du chef, la direction du Commonwealth britannique[233]

Memorandum by Head, British Commonwealth Division[233]

Ottawa, August 31, 1948

BUSINESS CONDITIONS IN NEWFOUNDLAND

The following is an extract from a letter, under date of August 19th, received by Mr. J. C. Britton, formerly Trade Commissioner in Newfoundland, from Mr. C. C. Pratt, President of Steers Limited, St. John's, Newfoundland:

"The political situation here has thrown business into a chaotic state for the time being, except for the distribution of food, which as far as we are concerned, is proceeding quite normally. Our sales, both in our agency department and our wholesale distribution, are running very well indeed. The textile distribution, however, has gone to pieces, as the shopkeeper's sole object today is to run his stocks down and even the consumers, I am told, particularly in the outports, are expecting almost a free distribution of goods. However, that is purely the psychological reaction from the excitement of the campaign and the perspective of people will become more rational even before the actual consummation of union with Canada.

The only regret I have in the whole issue is that the approach by our country was not made in a manner which would bring less recrimination. I think the Commission of Government could have steered the whole business along lines that would not have left a sting with the minority. The National Convention failed by reason of its partisan division and in that I blame the Responsible Government group as much as those advocating Confederation.

A few days before the last Referendum I gave a radio speech following the line I took previously, as I felt I could not conscientiously take any other course.

[233]Ce mémorandum était adressé à P. Pelletier, J. R. Baldwin, M. W. Sharp et D. A. Skelton.

[233]This memorandum was addressed to P. Pelletier, J. R. Baldwin, M. W. Sharp and D. A. Skelton.

However, that is all water under the bridge and it is now up to every Newfoundlander to pull his weight for the future good of the country.

I do hope the authorities at Ottawa will adopt an attitude of helpfulness to Newfoundland, ignoring the fact that the decision has already been made and give us a proper basis on which to reshape our economy, which is not going to be an easy matter. I have always said that in the long run, with proper provision being made for Newfoundland's special problems, Confederation has merit, but it is difficult for me to reconcile myself to the slipshod manner we have approached the whole issue."

1042. 2828-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 468 St. John's, September 4, 1948

Sir,

The Secretary of the Newfoundland Board of Trade called on the Commercial Secretary recently to ask if this Office could supply the Board with information about Canadian legislation, regulations, etc., which will affect Newfoundland business under Confederation. The Commercial Secretary is already supplying individual businessmen with information on such matters, but the Secretary of the Board explained that he desires the information for the use of the Board of Trade in preparing briefs which they intend to submit to the Newfoundland delegation.

2. The Commercial Secretary brought the Secretary of the Board of Trade in to see me and I told the latter that we would be pleased to provide the Board with factual information on such matters as they may enquire about, but that we could not venture into the field of interpretation nor could we anticipate decisions on matters of policy.

3. I suggested to him that he might inform us of the fields in which the Board desires information and that we would then secure for them all the relevant documents, official publications, etc. He said that this would be helpful, but that he and the members of the Board are, to a large extent, unfamiliar with Canadian laws and regulations, and might desire some assistance from us in finding the answers to specific questions. I said that so long as these questions were of a factual nature we would be glad to assist them in this way.

4. I have now received a letter† from the Secretary of the Board in which he states that one of the major questions now being studied by the Board is the practical application in Newfoundland of "the Canadian Maritime freights system." He states that clarification of this matter in some detail would be of great assistance to the Board in their efforts to assess the new conditions under which Newfoundland business will operate when Newfoundland becomes a province of Canada.

5. The Secretary of the Board of Trade refers to the section on transportation in the "Proposed Arrangements for the Entry of Newfoundland into Confederation"[234] and says that, while the Board have no precise knowledge of the "Maritime freights system" the following questions occur to them in this connection:

(a) Does the same freight rate on a certain commodity apply from say, Montreal to Halifax, as from Montreal to Saint John, N.B., and if so, would it also apply to goods carried from Montreal to St. John's, Newfoundland?

(b) If the rate is not fixed, does it vary in proportion to the mileage covered, or how is the rate computed?

(c) Do the conditions which apply to Maritime freight rates from central Canada to Maritime cities apply from these cities on the Westward run, and would this apply from St. John's or Corner Brook to points west?

(d) Would the freight rates say, on fresh fish from Burin in Newfoundland, where there is no rail connection, and shipped to the middle west be the same as a similar commodity shipped to the middle west from say Lunenburg, Nova Scotia?

(e) How would mill in transit rates on wheat, oats, and grains apply to Newfoundland?

(f) Do special arrangements for the movement of freights into and out of, the Maritime Provinces apply to steamboat as well as rail freight?

(g) Would St. John's be regarded as a port of export, and in what respect, if any, would shipping to and from foreign ports, and which at present calls at St. John's and Halifax, be affected?

6. I have referred the Secretary of the Board to Appendix 10 of the Report of the Ottawa meetings[235] last summer which contains certain information regarding freight rates which, while not altogether on the points raised in the letter in question, would probably be of use to the Board. I think we might also give the Secretary of the Board copies of the Maritime Freight Rates Act and of any other relevant publications. I would therefore appreciate your sending me one-half dozen copies of such documents at your earliest convenience.

7. While the Secretary of the Board has rather short-circuited the procedure I suggested in that he has asked in the first instance for answers to specific questions, I would suggest that it would be desirable to prepare answers to as many of the questions as possible, and I would appreciate a reply in this connection as soon as may be convenient. I understand from the Secretary of the Board that his principals would like to have the information by the end of next week if at all possible.

I have etc.

PAUL A. BRIDLE

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[234]Voir la pièce jointe, document 442.
[235]Non reproduit.

[234]See enclosure, Document 442.
[235]Not printed.

1043. NPA/GN10 438(12)

Le secrétaire, la Chambre de commerce de Terre-Neuve, au secrétaire, la délégation de Terre-Neuve aux négociations des Conditions de l'union

Secretary, Newfoundland Board of Trade, to Secretary, Delegation of Newfoundland to the Negotiations of the Terms of Union

St. John's, September 17, 1948

Dear Sir,

I am sending herewith eight copies of a memorandum by this Board on various aspects of the matter of federal union between Canada and Newfoundland.

In accordance with the invitation contained in your letter of August 28, we would be very happy to meet the delegation for the purpose of joint discussions after the delegation has had an opportunity to examine our submissions.[236]

We feel it desirable that these discussions should deal separately with the various major headings in our memorandum so that we may arrange for members of the Board best qualified in each individual subject to meet the delegation.

We shall arrange that suitable representatives of the Board shall be ready to meet you at your convenience.

Yours faithfully,

H. T. RENOUF

[PIÈCE JOINTE/ENCLOSURE]

Extrait d'un mémorandum de la Chambre de commerce de Terre-Neuve à la délégation de Terre-Neuve aux négociations des Conditions de l'union

Extract from Memorandum from Newfoundland Board of Trade to Delegation of Newfoundland to the Negotiations of the Terms of Union

St. John's, September 16, 1948

The impact of Confederation with Canada on the whole commercial structure of Newfoundland is, we feel, entitled to receive special and sympathetic consideration because of its widespread and vital effect on the lives of the people, and in view of the radical changes which Confederation must impose on long-established commercial customs and institutions.

Some of the problems which call for attention arise out of the process of transition of Newfoundland from an independent country to a Province of Canada, while others involve permanent alteration and adjustment of long-standing trading methods which, in their function are related to, and in fact have grown out of, the peculiar living habits of the Newfoundland people over the centuries, dispersed as they are in small communities along the coastline.

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[236] Voir le document 726.

[236] See Document 726.

The Newfoundland Board of Trade feels that a special case can and must be pleaded for Newfoundland business, both manufacturing and distributive, if widespread dislocation and unemployment is to be prevented during the transitionary period and early stages of Confederation.

Newfoundland business has been built up under conditions as they have evolved in Newfoundland from the day of discovery to the present time. Employment has been created and industries producing goods both for export and local consumption, have been developed. All employment in Newfoundland will depend to a high degree upon their ability to readjust and continue to prosper under new conditions.

All branches of Newfoundland's economy must suffer drastically unless the immediate effects of Confederation can be cushioned so that new methods can be adopted and new sources of supply can be found. It must be remembered that, immediately Confederation is effected, Newfoundland manufacturing and distributive trades will have to meet competition from established business in Canada which, unlike Newfoundland business, has developed under the Federal system and is not now confronted with new laws and radical changes. While this is of serious concern to the trade generally, it is of equal concern to all Newfoundlanders depending as they do either directly or indirectly on some phase of Newfoundland business.

We feel that, given an even chance, Newfoundland business can readjust itself where necessary to new conditions. The necessity for a "cushioning period" is of more than academic interest, it is of fundamental importance to all Newfoundlanders.

The problems of the Newfoundland Delegation are perhaps made more difficult by the fact that no exact precedent for the entry of Newfoundland into Confederation exists. In addition, we appreciate that conditions today are far more complex and involved than when, say, British Columbia and Prince Edward Island, the last self-governing Colonies, entered Confederation more than seventy years ago. The Board of Trade does feel, however, that the fact that no precedent exists or is being created, greatly strengthens the case for special consideration in regard to Newfoundland.

We believe that the Newfoundland Delegation to Ottawa can properly look for concessions to this country in the fields of Taxation and Exchange.

We also feel that the utmost importance must be attached to the question of the movement and rates of Rail and Steamship freights to and from the mainland.

The question also arises as to the justice of asking for special treatment to the manufacturing and distributive trades of this country.

We feel that the difference between the National Debts of Newfoundland and Canada justifies asking for special consideration.

A question of paramount importance to this country will be the ability of the fisheries, the wood operations and the Mining industries to continue to prosper. We merely make general observations on the Fishing industry. We know that you have consulted the representatives of this industry directly and we feel that they

are specialists in their own field and are more competent to deal with the subject than ourselves.

The Woods and Mining industries we have not touched upon at all. Experts will have advised you on these most important operations.

We have also left the special problems confronting local manufacturers to them. We know that they have met you.

We are aware that many of the points raised will have received the attention of your Delegation but it is better to be redundant than allow an important point to be overlooked.

We propose to deal with the following points under separate headings:

1. Position of Tax-payers
2. Financing of Salt Cod Exports
3. Effects of Customs Union
4. Case for U.S. Exchange
5. Transportation
6. Relative National Debts.

. . .

1044. PCO-CRF

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 524 St. John's, September 18, 1948

Sir,

I have the honour to recommend that arrangements be made for the immediate appointment of an official of the Customs Division, Department of National Revenue, to this Mission.

2. In discussions with the Commercial Secretary I learn that a great deal of his time is being devoted to interviews with Newfoundland business men who are seeking information on customs duties applicable to goods entering Canada from the United States and the United Kingdom. It is becoming increasingly difficult for him to deal with the other matters for which his office is responsible. The request for a Customs official has not been prompted by this factor alone but principally by the Commercial Secretary's inability to provide the type of service to which he feels local business men are entitled in so far as customs law and tariff information is concerned. Being without training in this branch he is unable to counsel business men who are formulating plans for the period prior to and immediately after confederation.

3. Customs law and tariff information is of vital importance to Newfoundland merchants at this season of the year in that they are at this moment ordering winter stocks from abroad — mainly from Canada, the United States and the

United Kingdom. A portion of these goods will comprise the entire winter stock for the northern outports which are closed to navigation and inland transportation from December to May. In drawing up this buying programme the merchants must have a ready access to an official who can provide guidance on applicable rates of customs duties. By the same token the local merchant must be able to familiarize himself with Canadian Customs duties in order to know which commodities he should endeavour to dispose of before the date of union. The advice of a Customs authority will be needed by business men, moreover, in ascertaining whether certain goods hitherto imported from the United States will be competitive with similar items produced in Canada.

4. Under the proposal which I have made regarding the lease of premises in the business district of St. John's, the Commercial Secretary will have sufficient office space to provide suitable facilities for any official selected by the Department of National Revenue. I need hardly reiterate how important it is that this mission provide the best possible information service. It is a special responsibility of this mission to be of every assistance to the business men in preparing for the many adjustments which they face in the next few months and I feel that a customs official should be appointed immediately to assist the Commercial Secretary in this phase of our work.

5. I have discussed this question with the Secretary for Customs, Mr. Gordon Howell, who is leaving for Ottawa to consult with Mr. David Sim. He is of the opinion that the services of a representative of the Customs Division will be essential not only for the trade but also for his own department.

I have etc.

C. J. BURCHELL

1045. 10287-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

TELEGRAM 178 Ottawa, September 25, 1948

Mr. Sim, Deputy Minister of National Revenue, advises that it has been decided to send down Mr. Andrew W. Brown, Assistant Chief Dominion Appraiser, to be attached to your office for purposes of answering questions on Customs and Excise matters. It is proposed that Brown leave Ottawa Monday, October 4th. Please make arrangements for hotel and office accommodation.

It might be desirable to give some publicity to the above arrangement, but will leave this to your discretion.

1046. DF/Vol. 782

Rapport sur une réunion entre des représentants de la Chambre de commerce de Terre-Neuve et le sous-comité sur la politique financière et économique, le Comité interministériel sur Terre-Neuve

Report on a Meeting between Representatives of the Newfoundland Board of Trade and Sub-Committee on Finance and Economic Policy, Interdepartmental Committee on Newfoundland

SECRET Ottawa, October 23, 1948

Mr. Ayre, Mr. Brookes and Mr. Miller, of the Newfoundland Board of Trade, raised several questions which they felt should be discussed with the Canadian Government.

1. *Inventory Losses*

Due to the sudden change in the customs tariff following Confederation, it was claimed that goods in stock in Newfoundland at the date of union would depreciate in value, perhaps by as much as $3 million. The transportation problem in Newfoundland and increasing buyers' resistance make it impossible for inventories to be reduced to a point where they would not be burdensome.

2. *Sales Tax on Inventories*

In addition to inventory losses as a result of the change in tariff, the Newfoundland representatives expressed concern over the prospect of having to pay Canadian sales tax on goods in stock.

3. *Tariff Changes and Import Restrictions*

It was claimed that higher Canadian tariffs and import restrictions on such items as salt beef and salt pork, evaporated milk, fruit juices and textiles, would place an unduly heavy burden on Newfoundland consumers.

4. *Maritime Freight Rates Act*

The Newfoundland representatives expressed the opinion that the application of the provisions of this Act to the rail route only would have serious consequences with respect to the water route to St. John's, which heretofore has carried over 90% of the imports into Newfoundland. However, they admitted their ignorance of the actual terms of the Act, and Mr. Hockin was instructed to arrange for them to have an interview with someone in the Department of Transport who could explain the situation to them.

5. *Double Taxation*

The financial hardship involved in changing to a "pay-as-you-go" system of income taxation was stressed by the Newfoundlanders.

6. *Cushioning Period*

The Newfoundland representatives expressed a desire for a general "cushioning period" of one or two years, during which they would be granted special concessions with respect to customs duties, taxes, import restrictions, etc. This would give them time to adjust themselves to Canadian competition and the Canadian economy in general.

7. *Survey of Newfoundland Industry*

Dr. Isbister agreed to arrange for the Newfoundland representatives to meet Mr. Skelton to discuss the sending of Canadian officials to Newfoundland to conduct a survey of Newfoundland trade and industry.

1047. 10202-40

Le haut commissaire par intérim à Terre-Neuve au commissaire aux Affaires intérieures et à l'Éducation de Terre-Neuve

Acting High Commissioner in Newfoundland to Commissioner for Home Affairs and Education of Newfoundland

No. 6 St. John's, October 25, 1948

Dear Dr. Pottle,

I wish to inform you that Mr. Andrew W. Brown, Assistant Chief Dominion Customs Appraiser, Department of National Revenue, Ottawa, has been temporarily appointed to a position on the staff of this Office.

Mr. Brown is available to meet members of the Newfoundland trade and of the public generally, and to advise them on matters relating to customs, excise and so forth.

Mr. Brown will also be available to assist the Secretary for Customs in any way desired by him in connection with problems arising out of the confederation of Newfoundland and Canada. I have advised the Commissioner for Finance to this effect.

I would appreciate your Government extending to Mr. Brown the same courtesies which they have already extended to other members of the High Commissioner's staff.

Yours sincerely,

P. A. BRIDLE

1048. 10287-40

Le directeur, la direction de la recherche et de la statistique, le ministère du Travail, au chef, la direction du Commonwealth britannique

Director, Research and Statistics Branch, Department of Labour, to Head, British Commonwealth Division

Ottawa, October 30, 1948

Dear Dr. MacKay,

In speaking yesterday to Mr. Horne I mentioned that I would send, for your information, a copy of a memo which I sent to Mr. MacNamara on my return from Newfoundland.

I am preparing a somewhat longer statement on economic conditions with special reference to employment. I shall send you a copy of this as soon as it is completed.†

Yours truly,
GEORGE V. HAYTHORNE

[PIÈCE JOINTE/ENCLOSURE]

Mémorandum du directeur, la direction de la recherche et de la statistique, le ministère du Travail, au sous-ministre du Travail

Memorandum from Director, Research and Statistics Branch, Department of Labour, to Deputy Minister of Labour

Ottawa, October 13, 1948

VISIT TO NEWFOUNDLAND

I thought you might be interested in a few advance observations regarding our visit to Newfoundland. I returned yesterday morning on the 'plane; the others expect to return later this week.

Through Mr. Paul Bridle, Acting High Commissioner of Canada, we met a number of Newfoundland officials on Friday and Saturday after arriving on schedule on Thursday night. These officials included two members of the Commission Government; Mr. Neill, Commissioner of Utilities and Mr. Flynn, Commissioner of Natural Resources. The office of Labour Relations which handles all labour matters for the Government is under the Commissioner of Utilities. Mr. Selby Parsons is in charge of this office with the title of Labour Relations Officer.

We spent a good deal of time with Mr. Parsons discussing the work which is being done in industrial relations and the operation of a small, but fairly effective, employment office in St. John's. We found these were the two main activities, although the office also collects some information on current employment throughout the country.

Through these and several other contacts we were able to obtain a helpful picture of the labour situation in general. It is hard, we found, to obtain much information regarding individual industries or occupations since the statistics are very sketchy and more often non-existent. We did find, however, the Newfoundland officials most willing and cooperative.

Since, as you will appreciate, there is still a good deal of feeling on the matter of confederation, we were careful not to ask for any information which might be either embarrassing to the Government officials or would cause unnecessary resentment at this stage by employers or others.

Mr. Leo Curry arrived from Moncton on Monday noon as I was leaving St. John's. Mr. Pettigrove was unable to secure transportation until later. In view of this and the fact that our discussions were about completed and the increased uncertainties of transportation with the railway strike which started on Monday, we suggested to Mr. Maclean that it might be better for Mr. Pettigrove to postpone his visit until a later date.

Mr. McCord and Mr. Laberge are staying on for a few more days to see some other people and, if possible, visit some of the other centres which can be reached from St. John's by road.

I returned yesterday to attend a meeting of business and government economists which Mr. Skelton called to discuss production forecasts and other related problems affecting our national economy. During the next day or two I also hope to see some of the Newfoundland government officials who are in Ottawa at present with their Delegation.

After the other men return and we have had a chance to compare our notes further we shall prepare reports of our visit.

I am sending a copy of this memo to Mr. Maclean, Mr. Bisson and Mr. McLaren for their information.

1049. 10287-40

Secrétaire d'État par intérim aux Affaires extérieures au haut commissaire par intérim à Terre-Neuve

Acting Secretary of State for External Affairs to Acting High Commissioner in Newfoundland

TELEGRAM 245 Ottawa, November 3, 1948

IMMEDIATE. The Newfoundland delegation to Ottawa requested that a team of economic experts be sent by the Canadian Government to Newfoundland as early as possible in order to examine the probable effects of confederation on secondary industries in Newfoundland.

2. The Canadian Minister of Trade and Commerce undertook to provide such a group and after discussion with the Newfoundland delegation and representatives of the Newfoundland Board of Trade, it was decided that the terms of reference should be broadened to include as well an examination of the potential development of secondary industries in Newfoundland.

3. Since this visit is being made at the instance of the Newfoundland delegation, the Canadian group proposes to put itself in the hands of interested groups in Newfoundland with regard to the procedure to be followed there. The Canadian group, however, hopes that all groups in Newfoundland interested in the above problems will assist the enquiry.

4. The Canadian group will consist of the following officials from the Department of Trade and Commerce: J. C. Britton, formerly Trade Commissioner Newfoundland; W. F. Bull, Director of the Allotment Permit Division of the Import Control Branch; G. A. Newman, Acting Director of the Export Division; Dr. E. P. Weeks, Head of the Area Study Section of the Research Branch.

5. Will you please advise the Newfoundland authorities and request them to make a public announcement along the lines of the preceding paragraphs. We are anxious that the Newfoundland public should understand that, although the visit is being made at the instance of the Newfoundland delegation and the Board of Trade, contact with industries and economic groups not represented on the Board of Trade will be welcomed.

6. The Canadian party expect to arrive by TCA Friday evening. They will wish temporary office space in your building and arrangements made for meetings there. Mr. Burchell suggests you endeavour to obtain chairs and other necessary equipment.

1050. DF/Vol. 701

Le président, la mission d'experts chargée d'étudier les effets de la Confédération sur les industries secondaires de Terre-Neuve, au ministre du Commerce

Chairman, Mission of Experts Examining Effects of Confederation on Secondary Industries of Newfoundland, to Minister of Trade and Commerce

Ottawa, November 23, 1948

Dear Sir,

In keeping with your instructions, I wish to report that this Mission proceeded to Newfoundland on November 5th where the members devoted two weeks to a survey of the possible effects of Confederation on the Secondary Industries and to making a brief appraisal of the prospects of industrial development.

The report of the Mission is submitted herewith for your consideration.

Yours respectfully,

W. F. BULL

[PIÈCE JOINTE/ENCLOSURE]

Extrait du rapport de la Mission d'experts chargée d'étudier les effets de la Confédération sur les industries secondaires de Terre-Neuve[237]

Extract from Report of Mission of Experts Examining Effects of Confederation on Secondary Industries of Newfoundland[237]

NEWFOUNDLAND SECONDARY INDUSTRIES
SURVEY OF IMPLICATIONS OF CONFEDERATION

Newfoundland's secondary industries have developed on the basis of a very substantial measure of tariff protection. In this manner, some seventy-five firms employing approximately 3,500 personnel, have grown up over the past century. The plants in the main are small operating units, with one or two exceptions, designed to provide a range of consumer products in relatively small quantities, to meet the needs of the island's population of 325,000. These industries are located mainly in the city of St. John's with its population of 65,000 inhabitants.

In practically every instance, the companies are financially controlled by leading St. John's families, who, in some cases are financially interested in several of

[237]Seulement le sommaire du rapport est reproduit ici.

[237]Only the summary of the report is printed here.

the concerns from which they have received fairly high dividends in recent years. It is understandable, therefore, that the owners of the factories were, in the main, strongly in favour of Responsible Government, and exerted strenuous efforts to influence the vote of their employees, suggesting that unemployment would arise with Confederation. It must, therefore, be recognised at the outset that these industries have a political significance much beyond the mere factor of capital invested or numbers employed.

In the submission by the Newfoundland Board of Trade and the Associated Newfoundland Industries Limited — the organizations principally concerned with secondary industries — it was emphasized that the operational costs of the secondary industries in Newfoundland far exceeded those of firms making comparable products in Canada for the following reasons:

(a) Higher transportation costs for raw materials the bulk of which are imported;

(b) inability to specialize owing to limited domestic market;

(c) lack of skilled labour pool.

In the light of these circumstances, the organizations anticipated severe dislocation in the secondary industries on the removal of protective tariffs, and the imposition of Canadian and Provincial taxes.

The Mission made no effort to assess the overall situation in the absence of any acceptable data but, in consultation with the Board of Trade and Associated Newfoundland Industries arranged to interview the firms most likely affected. (See Appendix for details of interview).

The survey seemed to confirm the submission of the two bodies that unless some measure of assistance is granted, it is probable that a number of Newfoundland's secondary industries will be faced with severe dislocation and financial loss causing possible retrenchment in production and consequent unemployment.

It was found by the Mission that in nearly every instance manufacturing and distributing costs of Newfoundland's secondary industries are considerably higher than in Canada, because of:

(a) Higher cost of raw materials due primarily to higher transportation costs (arising from lack of return cargo?);

(b) The generally low productivity of labour, because of the inability to specialize, and the lack of a skilled labour pool;

(c) Necessity of carrying high inventories of raw materials with relatively slow turnover;

(d) Cost of distributing finished goods to widely dispersed outports in small lots requiring special packaging;

(e) Long-term credit practices.

The measures proposed by the Associated Newfoundland Industries, Limited, to meet the situation envisaged a cushioning period during which secondary industries would be exempt from Federal Sales Tax on all articles manufactured; Federal subsidies to offset gradually reduced tariffs over a period of eight years; no restriction on imports of raw materials from U.S.; assured allocations of

scarce materials; prevention of dumping by Canadian firms; and provision to allow full use of containers and wrappers labelled "Product of Newfoundland."

Since the Mission appreciates the difficulties which would confront the Federal Government were it to meet these proposals within the framework of the accepted terms of Confederation, it suggests that the following alternative recommendations be given consideration;

(1) That the question of financial assistance in any form designed to aid secondary industries in Newfoundland at this juncture is properly a matter which might well come within the purview of the Provincial Government;

(2) That there be a delay in the proclamation of the Federal Sales Tax in so far as products produced in Newfoundland for Newfoundland consumption are concerned. The Provincial Government may also wish to review the application of any Provincial Sales Tax to the following industries during an interim period:

Stoves
Soft Drinks
Cigarettes
Footwear
Confectionery
Paper Bags
Cans — tin
Commercial Printers

(3) That contracts for war materials be placed with such Newfoundland secondary industries as have adequate facilities and a proven need for such assistance. These might include such industries as: foundries — clothing — cordage — paint, and boot and shoe factories.

(4) That for an interim period special consideration be given to the placement of Federal contracts for printing and stationery and uniforms for Federal departments which will be operating in Newfoundland with those firms who have supplied such requirements in the past;

(5) That there be a careful review of all duties on raw materials which are of particular importance to Newfoundland's secondary industries, with a view to possible reduction of duties on such items;

(6) That within the framework of freight rates now under review consideration be given to extending most favourable rates possible to raw materials required by Newfoundland's secondary industries;

(7) That a Board comprised of representatives from the Federal and Provincial Governments should be established to review continuously Newfoundland's problems of development and adjustment as provided in Section 47(1) of the seventh draft of the Terms of Union.

In addition to the above recommendations, the Mission desires to call attention to the comparatively heavy losses on duty-paid stocks which must be held by Newfoundland's secondary industries up to the time of Confederation if they are not to cease operations temporarily with consequent unemployment.

POTENTIAL INDUSTRIAL DEVELOPMENT

The Mission had neither time nor opportunity to adequately explore the future development of secondary industries in detail. Discussions with members of the Newfoundland Industrial Development Board indicated that the Board has made various investigations with success in some cases. The Mission feels that principal economic bases for future expansion other than those already provided by the fisheries, forest products and minerals would appear to be undeveloped water power, the tourist trade, outport industries, secondary industries based on a distinct local demand, and the growth of tertiary or service industries as a consequence of greater effective demand from the masses of the people.

The Mission feels that attention might be directed to the potential water power resources of some 750,000 h.p. on the island of Newfoundland, of which no less than 500,000 h.p. is situated near tidewater on the south coast. The long-term shortages of cheap power on the mainland might ultimately make Newfoundland an attractive location for those industries in which power costs play a major role.

It seems apparent that the tourist industry is capable of considerable expansion but only on the basis of the initiative and the assistance of both the Federal and the Provincial Governments. The growth of the handicraft industry would receive impetus from tourist demands as in the Maritime Provinces.

CORNER BROOK AND GRAND FALLS AREAS

There are comparatively few secondary industries outside the St. John's [area] but in the rapidly expanding Corner Brook area some small plants have been established and there are indications of further growth. The present secondary industries include a furniture and woodworking factory, a jobbing foundry, an ice cream plant and an establishment for making concrete blocks. These plants expect no serious problems to arise as a result of Confederation except in the case of the foundry, which has an urgent need for pig iron with low sulphur content, and the ice cream plant which is using margarine instead of butterfat for fat content, and anxiety was expressed about application of Canadian pure food regulations.

Future developments will likely be along the lines of the use of by-products from the paper mills, expansion of the furniture and woodworking industry, involving particularly the use of local birch for furniture, flooring and other products; establishment of highly localized secondary industries such as aerated waters, breweries, bakeries, etc., and an increase in employment in tertiary or service industries as the areas develop. It might be mentioned in this connection that steps are being taken to develop dairy production and to augment the output of market garden produce in the vicinity of Corner Brook. The whole region around Corner Brook is one of outstanding scenic beauty and would appear to be an admirable location for the future tourist trade. (For details see appendix A.)

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1051. 10300-40

Mémorandum de l'avocat spécial de la Associated Newfoundland Industries Ltd.

Memorandum by Special Counsel for Associated Newfoundland Industries Ltd.

St. John's, November 24, 1948

MEMORANDUM ON THE PROBABLE EFFECTS OF CONFEDERATION ON THE SECONDARY MANUFACTURING INDUSTRIES OF NEWFOUNDLAND

A SUPPLEMENTARY SUBMISSION ON BEHALF OF ASSOCIATED NEWFOUNDLAND INDUSTRIES LTD.

1. INTRODUCTION

It is doubtful that any other branch of the economy of Newfoundland will feel the impact of Confederation with Canada as it will be felt by the secondary manufacturing industries. The probable adverse effects of the impact in this case have been recognized by the Newfoundland Delegates who are negotiating the terms of Confederation and by the Government of Canada. Accordingly, at the request of the Newfoundland Delegates, the Canadian Government instructed a Committee of Experts, selected from the Department of Trade and Commerce, to proceed to Newfoundland to survey the position of these manufacturing industries and to report thereon. This survey, which included meetings and discussions with the secondary manufacturers, visits to their plants and an examination of their operations, and the collection of data on their present position and their prospective position under Confederation, has now been completed.

Acting on behalf of Associated Newfoundland Industries Ltd., an organization which represents a large proportion of the secondary manufacturing industries, I attended with the Canadian Committee in its survey of the facts. I am satisfied that its report will fairly present all the facts as they have been disclosed. Accordingly, I do not propose in this memorandum to present details relating to individual industries or plants, as these will undoubtedly be embodied in the Committee's report. I propose instead to confine myself to an interpretation of the facts as I saw them and to point to the conclusions which flow from them.

2. THE PROBLEM

In assessing the probable impact of Confederation upon different sectors of the Newfoundland economy, it is essential to have regard to some basic factors. Of these the geography of the country and the distribution of its population are of primary importance. Newfoundland is an island with a population of about 325,000. Approximately one-half of the people reside in the Avalon Peninsula, on which is located the city of St. John's with a population of 60,000. The remaining half is scattered thinly in some 1,300 communities and settlements located principally along the 6,000 miles of the Newfoundland coast. These settlements are numerous and small, while distances are great and involve long freight hauls from the sources of supplies. The Island is served by the Newfoundland Railway,

a narrow gauge line with limited capacity, but principally by water transportation. Having regard to the geography of the country and the distribution of its population, it is clear that the problem of transportation is basic and that the entire economy and the existence of the people are dependent upon the availability of transportation at low cost.

Slightly less than one-half of the gainfully employed population is engaged in fishing and a large part of the remainder is employed in other primary industries and in the primary manufacturing industries, such as pulp and paper and fish processing. The primary producing industries and the primary manufacturing industries are principally concerned with the production of goods for export markets.

In addition to the industries producing for export, there have also been established a number of secondary manufacturing industries importing their raw materials from abroad and producing for domestic consumption. These have helped to diversify the industry of the Island. They include shipbuilding, brick building, warehousing, printing and stationery, sail-making, galvanizing, and the production of cordage lines and twines, nails, paint, tin cans, footwear, wire, line, castings (bronze and cast iron and steel), stoves, ranges, hams, bacon and other meat products, soap, furniture and box-making, tobacco products, confectionery, jams, bottled drinks, bottled products (food, drugs and cleaning fluids), spike grinding, bakery products, mechanical equipment, marine engines, butterine, coal tar, road materials, clothing (dress and work clothes, underwear and caps), hollow ware, woollen materials, toys, paper bags, concrete blocks, building materials (sashes, doors and other wood products), ice cream, oil clothes, etc.

These industries are concentrated mainly in the city of St. John's and its vicinity. They provide *regular* employment to about 3,500 workers directly, and indirectly to many others in a country which is characterized by seasonal employment. It may be said that a considerable proportion of the families of Newfoundland are directly or indirectly dependent upon the employment offered by these industries and that no immediate alternative employment is available. It is, therefore, urgent to face the fact that if these industries should close down or be forced to contract their operations materially the social, economic and political consequences would be undesirable.

The secondary manufacturing industries were established and have grown to meet the demands of the limited Newfoundland market. Their establishment, growth and development have been conditioned by the peculiar features of the economy and geography of the country and the tariff policy of its governments. As they are designed to meet the requirements of a small market of some 325,000 people scattered over a wide area, the plants are relatively small and their operations necessarily differ from those of similar plants in Canada producing on a specialized basis for a large population.

Under the Newfoundland fiscal policy the larger part of governmental revenues has been derived from customs tariffs. Tariff rates are consequently high and have afforded protection to local industries. It has been argued that these tariffs have been too high and that they have afforded undue protection. It is submitted that it serves no purpose to argue this point at the present stage. The

facts are that the customs tariff has been relatively high, that it has afforded protection to local industries, that these industries have been established and have grown, and that a considerable proportion of the population is now dependent upon their continued existence for their livelihood. In these circumstances it is futile to argue now on the rights and wrongs of past Newfoundland tariff policy. It is essential to face existing facts, and these facts point clearly to a situation with social, economic and political consequences of a serious nature if some of the industries protected by the tariff are forced to disappear. It will be no consolation to the families dependent upon these industries to know that lower-priced goods are available, after the abolition of tariff barriers between Canada and Newfoundland, if, at the same time, many of their wage-earners become unemployed and cease to have an income with which to buy these goods because of the closing down of a number of local industries. The sudden withdrawal of the protection afforded to these industries is bound to lead to this result unless the industries are afforded an opportunity to readjust themselves during a certain transitional period. The situation would not be so serious if alternative sources of employment were immediately available for the displaced workers. Having regard to the Newfoundland economy, however, no one can possibly submit that such alternative employment would be available either immediately or within a reasonable time. These factors are basic to the case of the secondary manufacturing industries.

That these industries are not in a position to compete immediately with the products of larger and more specialized plants emerges clearly from facts disclosed by the survey made by the Canadian Committee. These facts point to the higher costs per unit of product in Newfoundland arising from causes beyond the control of the manufacturers. Some of these causes may be summarized as follows:

(i) Transportation costs and handling charges are high because of the facts of geography and these costs must be met both when raw materials are imported and when the finished product is shipped by various forms of transportation to distant communities. The costs of extra packaging for shipment by water are an added factor.

(ii) The landed cost of imported materials is high and the geography and economy of the country and transportation conditions compel the industries to keep unusually large stocks on hand as compared with plants located in Canada.

(iii) The nature of the economy, based upon the fishing industry, demands long credit terms, frequently as long as six, seven and eight months.

(iv) The small market and the correspondingly small volume of business forces an unusual degree of diversification of product in each plant, which means higher costs per unit of output as compared with plants in Canada producing on a specialized basis for a large market.

(v) The diversification of output and the absence of a pool of trained labour have resulted in a lower productivity per worker as compared with the productivity per worker in the larger plants in Canadian centres of population. A further cause of the lower productivity is the fact that the small market does not warrant

the use of special machinery and equipment which are profitably employed in plants producing for large markets.

All of the foregoing factors contribute to the higher costs of production in the secondary manufacturing industries. They are not factors that can be changed overnight. To meet the prospective competition from lower cost producers in Canada the Newfoundland manufacturers require a period of time during which they can seek to readjust their position to meet the new situation. Failing such a period of readjustment, the impact of Confederation upon them can be clearly foreseen. It will mean the disappearance of some industries and a material curtailment in the operations of others. Few can escape.

The impact cannot, however, be measured only in terms of the effects of the abolition of the customs tariff against imports from Canada and the competition which will thereby be offered by Canadian mass-production industries. Other factors must also be considered:

(i) The secondary manufacturers have hitherto been free to purchase their raw materials in various markets. After Confederation their sources of supplies will be restricted by Canadian tariff and foreign exchange control policies. Having regard to the present scarcity of certain goods in Canada, it is likely that Newfoundland manufacturers will find it difficult to obtain some of their supplies in the quantities required by them and, in any event, many of the supplies will only be available at higher prices than are presently paid.

(ii) Manufacturers and distributors will incur heavy losses on duty-paid goods on hand at the date of Confederation.

(iii) It is probable that after Confederation wages in certain industries will rise to correspond more closely to wages in similar industries in Canada.

(iv) The burden of taxation (Dominion, provincial and municipal) will increase. The Federal Sales Tax and the excise taxes imposed in Canada will further prejudice the position of Newfoundland manufacturers. For example, the excise tax and the tax per bottle on aerated drinks will increase the retail price of such drinks in Newfoundland to almost twice the corresponding price of these products in the other Canadian provinces. Similarly, the excise and sales taxes on cigarettes and tobacco will mean an increase of ten or eleven cents in the retail price of cigarettes and tobacco in Newfoundland. Having regard to the relatively low income of the people, the effects can only be a reduced demand for the products and a curtailment of industrial operations.

It is submitted that these factors will aggravate the impact of Confederation upon the secondary manufacturers in that their effect will be to increase costs of production still further and to limit the demand for local products in the local market. They clearly warrant special measures allowing for a transitional period during which the manufacturing industries would be given an opportunity to readjust their operations to meet the new situation which faces them.

3. CONCLUSIONS AND RECOMMENDATIONS

It is clear from the foregoing and from the facts disclosed by the survey made by the Canadian Committee that:

(i) the continued existence of the secondary manufacturing industries is essential to the well-being of a considerable proportion of the population of Newfoundland, more particularly, of the population concentrated in St. John's and its vicinity;

(ii) the people so dependent upon these industries have no alternative means of livelihood in the event of the disappearance of or of a material curtailment of the operations of these industries;

(iii) if such industries disappear or are materially curtailed in their operations there will be fairly large-scale unemployment directly and indirectly affecting many thousands of people in St. John's and its vicinity;

(iv) such unemployment in this area will produce undesirable social, economic and political consequences, taxable values will be reduced, and workers will emigrate;

(v) the Canadian Government will find, as has happened elsewhere, that a depressed area produces little revenue, requires substantial payments by way of relief, and creates a "pocket" of ill-will and dissatisfaction.

It is well to note that owing to the uncertainty of the situation and the fear of the impact of Confederation, activity in the manufacturing industries has already slowed down, orders are not being placed, and some manufacturing plants have already curtailed operations while others are planning to close down shortly either permanently or, at least, until they can appraise the new situation.

Accordingly, it is submitted that all possible measures be taken to avert undue dislocation and unemployment in the secondary manufacturing industries by affording to the people dependent upon them an opportunity to continue to earn their livelihood. It must be emphasized that these industries are *not* demanding preferential treatment of a permanent nature. They are only requesting that they be allowed a transitional period of from five to eight years within which they would have an opportunity to readjust their operations to meet the new conditions created by Confederation. They cannot readjust these operations overnight. If they are not given this chance, it appears inevitable that the entry of Newfoundland into the Canadian Confederation will lead to unemployment, with its accompanying social and political problems, in the city of St. John's and its vicinity.

It is important to note that the Canadian Government has already accepted the principle of special assistance during a transitional period in its proposals to pay transitional grants to Newfoundland for a period of twelve years "in order to facilitate the adjustment of Newfoundland to the status of a province . . . ." The proposal to provide transitional unemployment benefits is a further acceptance of the same principle. These are special provisions made to meet a special situation. Similarly, the agreement to permit the manufacture and sale of oleomargarine in Newfoundland and to prohibit its exportation to other provinces is an extraordinary measure to meet a special situation. It is, therefore, submitted that special measures should be devised to provide special assistance to Newfoundland's secondary manufacturing industries during a transitional period of five to eight years.

In addition to any other special measures providing assistance during the transitional period, it is recommended that:

(i) As a permanent measure, and having regard to the relatively more serious geographic disadvantages of Newfoundland, freight rates on traffic moving within or out of Newfoundland should be fixed below the rates under the Maritime Freight Rates Act; that special low rates be fixed for raw materials shipped into Newfoundland; and that reductions in freight rates by land be accompanied by necessary reductions in water rates so that the latter do not in any case exceed the former;

(ii) During the transitional period the application to Newfoundland of the Federal Sales Tax and certain of the excise taxes should be deferred;

(iii) The Canadian Government should assist Newfoundland industries in obtaining allocations of necessary materials and supplies at fair competitive prices in Canada, in the United States, and in other markets, and concessions in customs tariff rates should be made in case of imports of materials from the United States and other markets essential to Newfoundland industries if the Canadian tariffs on such imports are higher than the present Newfoundland tariffs;

(iv) The Canadian Government through the Canadian Commercial Corporation and other Government purchasing departments and agencies should place orders for goods with manufacturing industries located in Newfoundland;

(v) The Industrial Development Bank should provide funds at low rates of interest to facilitate readjustments required by Newfoundland's manufacturing industries.

(vi) In any event, the Canadian Government should set up a Board or Committee to which Newfoundland industries adversely affected by the economic impact of Confederation could refer their particular problems and apply for such assistance as may be given under the circumstances.

Respectfully submitted,

H. CARL GOLDENBERG

1052. 10287-40

Extrait du Daily News de St. John's du 4 décembre 1948

Extract from St. John's Daily News of December 4, 1948

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OFFERS AID ON CANADIAN TARIFF TO LOCAL TRADE

A. W. BROWN ANXIOUS TO ADVISE LOCAL TRADE ON PROBLEMS

Whether or not Confederation is ever consummated, the Canadian government is taking all possible steps to make Newfoundland fully conversant with the set-up of Canadian regulations.

At the offices of the Canadian High Commission the *News* met Mr. A. W. Brown, from the Customs and Excise division of the Canadian Department of National Revenue.

"The function here," said Mr. Brown, "is to be available for consultation with the trade on all matters with reference to the Canadian tariff division and excise tax, and to make this available to the trade in planning future business — if, as and when Confederation is consummated."

Stressing that he was here in a purely administrative capacity with no authority to express any opinion on those matters of policy or questions which arise from the peculiarly unusual circumstances of a new province joining the Dominion — a province which previously exercised its own customs tariff as a separate entity of the Commonwealth, Mr. Brown stated he was not only desirous, but most anxious to meet any member of the trade with any problem on which enlightenment was sought.

He felt that the local trade was entitled to all the facts, and he extended a sincere invitation to all so that as much assistance as possible might be rendered.

Mr. Brown exhibited a consolidation of the sales tax regulations, which come under the excise division and which provided a simplified form of these regulations. Pages 39 to 43 give a complete list of the exemptions.

Another pamphlet, prepared by Canadian Manufacturers Association provides a simplified form of the Emergency Exchange Conservation Act — the regulations restricting imports from the "hard currency" countries, that of particular interest to Newfoundland being the United States. These are divided into (I), the prohibited list (II) the quota list and (III) the capital goods list.

. . .

1053. 5665-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 439 St. John's, December 17, 1948

May I refer to your telegram No. 310 of December 14th† containing a statement by the Minister of Finance for release to the press and which deals with the application of the provisions of the Emergency Control Act to goods entering Newfoundland on and after March 31st next.

2. The statement provides, in effect, that on and after March 31st the emergency import controls will apply to Newfoundland in the same way as to the rest of Canada. No exception will be made in respect of goods in transit or in bonded warehouses in Newfoundland as of that date. Reference is also made to preventive measures which will be taken to ensure that controlled goods already imported into Newfoundland are not sold elsewhere in Canada. The statement makes no reference to goods appearing in Schedule III of the Emergency Exchange Conservation Act. Presumably instructions in the latter respect will be issued in due course.

3. It is desired to draw attention to the fact that the decision of the Minister of Finance raises a number of problems for the Newfoundland importers, such as:

(a) Most importers have American and other foreign goods in bonded stores. Each importer must decide which of these goods should be ex-warehoused before the application of import restrictions on March 31st. Bonded warehouses are

established by Newfoundland Customs in St. John's, Corner Brook and six other outports.

(b) Many importers have had orders outstanding with foreign companies, especially American, for as long as twelve months and are now obliged to make a careful check in order to ascertain the status of such goods under the Emergency Control Act, if delivery is likely to take place after March 30th. Most importers are in the process of buying goods for the distribution period of April, May and June, when the fisheries operations are at their height and the northern outports are being re-stocked with supplies. They must be assured that goods ordered in the light of the provisions of the Emergency Exchange Control Act will, in fact, be admitted by Customs when shipped. Every importer finds himself in one or both of these situations today.

(c) Importers must immediately locate Canadian sources of supply for prohibited goods to replace foreign sources used up to this point. Some firms have taken steps to find substitute suppliers in Canada but the majority of them have not done so as yet. The latter must not only be able to place orders for many and various types of goods by January 31st next, but also be assured of shipment by the supplier within thirty days of confirmation of order so as to obtain delivery by April. This situation, while presenting difficulties, will be dealt with by the Commercial Secretary.

4. The situation described in part (a) of the last paragraph, that is, the treatment of goods now in bonded stores in the country, can be dealt with by Mr. A. W. Brown of the Department of National Revenue (Customs & Excise), through the facilities, if required, of the Newfoundland Customs Board. The need for Mr. Brown's services up to March 31st, and possibly another member of his department, should be borne in mind in this respect, however.

5. The treatment of goods already ordered (or about to be) as described in part (b) of paragraph 3, will, it is considered, require the services of a local representative of the Department of Finance. He should be vested with authority to establish quotas under Schedule II and to issue permits on behalf of the Emergency Control Branch of the Department of Trade and Commerce with respect to goods coming under Schedule III, depending, of course, on the policy of the Government with respect to this Schedule. It would not be necessary for permits to be issued locally, so long as screening or partial processing were carried out by the representative by the middle of next month.

6. Mr. Brown who is returning to Ottawa for a few days will discuss these matters with the appropriate departments. They are matters of serious concern to Newfoundland business men and early consideration is urged of the recommendation to appoint an official to deal with local important control matters.[238]

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[238] B. E. Ensom de la direction du contrôle urgent des importations du ministère des Finances fut nommé et demeura à St. John's quelque temps après l'union.

[238] B. E. Ensom of the Emergency Import Control Division of the Department of Finance was appointed and remained in St. John's until some time after the union.

1054. 10287-40

Mémorandum du chef, la direction de l'information,
au chef, la direction du Commonwealth britannique

Memorandum from Head, Information Division,
to Head, British Commonwealth Division

Ottawa, December 22, 1948

You will see from the attached memorandum that Mr. Pearson will not be able to accept Mr. Ayre's invitation. I also checked on the telephone with Mr. Claxton and it was his view that it would not be appropriate for a Minister to accept this invitation at the time suggested.

In the circumstances, I think all we can do is to decline the invitation. Since it was addressed to you, I assume that you will want to reply to Mr. Ayre.

S. F. RAE

[PIÈCE JOINTE/ENCLOSURE]

Mémorandum du sous-secrétaire d'État par intérim aux Affaires extérieures
au secrétaire d'État aux Affaires extérieures

Memorandum from Acting Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

Ottawa, December 21, 1948

Attached is a letter† to Mr. MacKay from Mr. Lewis Ayre, President of the Newfoundland Board of Trade, asking for assistance in securing a Minister to speak to the Board at their annual meeting late in January.

Mr. Ayre tried to get Mr. Max Mackenzie, but Mr. Mackenzie declined, since he felt it would be extremely difficult to keep off policy. He felt that it was more fitting for a Minister, possibly Mr. Howe or Mr. Abbott, to go under the circumstances.

I am inclined to think that it is worthwhile to pay some attention to Newfoundland now that they are coming in, and especially to the Board of Trade, most of whom are antis and may well be malcontents unless handled carefully. I wonder if we can enlist your support in getting one of your colleagues to go.

E. R[EID]

1055. 10302-40

Mémorandum du secrétaire, le Comité du Cabinet sur Terre-Neuve,
au président, le sous-comité de direction, le Comité
interministériel sur Terre-Neuve

Memorandum from Secretary, Cabinet Committee on Newfoundland,
to Chairman, Steering Sub-Committee, Interdepartmental
Committee on Newfoundland

Ottawa, December 29, 1948

As you know, during the recent negotiations the Newfoundland delegation was given assurances by Mr. St. Laurent, Mr. Howe and Mr. Claxton to the effect that wherever feasible Canadian government orders for use in Newfoundland would be purchased in Newfoundland. This assurance was designed primarily to assist certain small industries in Newfoundland during the period of transition following union.

Recently we received a submission from the Minister of Public Works for authority to purchase office supplies and equipment for the Department of National Health and Welfare for use in Newfoundland from business firms in Ottawa. Since this is the first requisition of this sort I think it would be useful if the interdepartmental committee could consider the matter with a view to seeing how best the assurances given to the Newfoundland delegation are carried out. It would be most unfortunate if a series of orders were placed in Canada for goods which could be obtained in Newfoundland.

The submission in question has been held up temporarily pending further consideration and I gather that a certain amount of educational work with departments may be necessary. I am told that there is a tendency to take the line that equipment available in Newfoundland should not be purchased since it does not conform with the standardized type the government normally buys. My understanding of the intent behind the assurances given was that the federal government would do everything possible, if necessary modifying its normal standards or encouraging a manufacturer to modify somewhat his line of production in order to insure the placing of a certain number of federal orders in Newfoundland.

I have suggested to Mr. Heeney that he seek the Prime Minister's authority to issue a directive to all departments in this matter. In such an event I would hope that the interdepartmental committee might be in a position to suggest the line which such a directive should take.

Two other specific suggestions have been put forward in this connection.

(a) That departments placing orders for use in Newfoundland should clear through External Affairs with the Newfoundland Commission of Government regarding the feasibility of purchase in Newfoundland; and

(b) that departments placing orders for use in Newfoundland should use the small committee in Trade and Commerce under the chairmanship of Mr. Bull for advice in all cases regarding the possibility of purchase in Newfoundland.

Do you think this matter could be brought before the interdepartmental committee at an early date? Probably a representative of Public Works should be invited to attend.

J. R. BALDWIN

1056. 10287-40

Mémorandum du chef, la direction du Commonwealth britannique, à l'adjoint spécial du Premier ministre[239]

Memorandum from Head, British Commonwealth Division, to Special Assistant to Prime Minister[239]

Ottawa, January 5, 1949

SPEAKER FOR ANNUAL MEETING ST. JOHN'S BOARD OF TRADE

Attached is correspondence on the request for a speaker for the Newfoundland Board of Trade. You said you would try to induce Mr. Winters to take it on. If you have any success, I wonder if you would be good enough to let Mr. Burchell know over the telephone service or have a letter written to Mr. Ayre. I am sorry to leave this with you, but I do not expect to be in the office much within the next few days.[239a]

R. A. M[ACKAY]

1057. 10287-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELETYPE 9 St. John's, January 6, 1949

The question of the position of restricted or quota goods which have been ordered or which may shortly be ordered and which are required for spring deliveries but which may not be delivered to the importer until after March 31st, is becoming more pressing daily. It is therefore urged that an officer in the competent authority to deal with all phases of import control should reach St. John's at the very earliest possible date in order that the trade may be informed as to their position with respect to importations from the United States and the United Kingdom.

1058. 10287-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

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[239] J. W. Pickersgill.

[239a] La note suivante était écrite sur ce mémorandum:

[239a] The following note was written on the memorandum:

Mr. Howe spoken to by J. W. P[ickersgill] on telephone 8.1.49 agreed to go to St. John's on Feb. 5th.

TELETYPE 27 Ottawa, January 13, 1949

Your teletype No. 9 of January 6. Import Controls.

2. Mr. J. G. Bertrand, Head of Quota Section, Emergency Import Control Section, Department of Finance expects to leave for St. John's tomorrow January 14 for a week's visit. His original purpose was as we understand it to discuss with Newfoundland Customs the nature of the situation and the measures to be taken after Union when the tariffs change.

3. We have ensured that Mr. Bertrand's Chief has been in touch with the division in Finance that has been considering your teletype under reference. We are informed that Mr. Bertrand will have a second purpose namely to discuss with you your proposal. He has not himself any instruction or authority to do the kind of work you have in mind. Presumably no further action will be taken on your proposal until Mr. Bertrand returns to Ottawa next week.

1059. 10302-40

Mémorandum du ministère des Affaires extérieures

Memorandum by Department of External Affairs

SECRET Ottawa, January 13, 1949

NEWFOUNDLAND; GOVERNMENT PURCHASES

At the meeting of the Cabinet on January 13, it was agreed:

(a) that every effort be made, during the period of economic transition, to purchase supplies, equipment and stores from local producers and, where such would be the normal practice elsewhere in Canada, from Newfoundland suppliers, provided prices were reasonable;

(b) that the committee which had already made a special study of Newfoundland's secondary industries be formally constituted as a sub-committee of the Interdepartmental Committee on Newfoundland under the chairmanship of an officer of Trade and Commerce, with representatives of other interested departments; and,

(c) that the said Committee survey all possible sources of supply in Newfoundland in order that departmental purchasing agents might be fully informed of available products and supplies to meet government requirements.

1060. 10287-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELETYPE 35 St. John's, January 14, 1949

Your teletype message No. 27 of January 13th, 1949.

Mr. Bertrand's visit will not be of much service if he is only authorized to discuss with Newfoundland Customs the nature of the situation and the measures to be taken after union when the tariffs change and especially so when the Secretary for Customs, Mr. Howell, is now in Ottawa and plans to remain there for two or three weeks. What is urgently required is to have Mr. Bertrand instructed while he is here to meet with a number of the Newfoundland merchants who urgently require information with regard to matters mentioned in my teletype message No. 9 of January 6th, 1949. Would therefore appreciate it if you would arrange that Mr. Bertrand be given instructions to do that kind of work and remain here for much longer than one week. Brown has been deluged with enquiries in relation to this matter but Customs have no authority to deal with matters of restricted or quota goods as this comes under Finance.

1061. 10287-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

TELETYPE 29 Ottawa, January 15, 1949

Your teletype No. 35 of January 14, Import Control.

2. Our understanding of Mr. Bertrand's authority was obtained from him personally, but it does not appear to have been explained clearly. We have therefore discussed it further with his Chief, Mr. W. T. Wilson.

3. Mr. Wilson explained that Mr. Bertrand has authority to meet a group of Newfoundland merchants if after consultation with you it appears to be desirable. He will be able to answer only routine questions, having been instructed to reserve questions of policy for examination on his return to Ottawa. He can, we understand, promise replies on such questions.

4. A few days after his return to Ottawa Mr. Bertrand or perhaps Mr. Wilson will go back to St. John's for a longer stay in order to deal with the matters you have in mind. It is hoped that Mr. Bertrand's present visit will give our import control authorities a better idea of what to expect.

5. Howell knows about all this.

1062. 10287-40

Extrait d'une dépêche du haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Extract from Despatch from High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 104 St. John's, January 21, 1949

Sir,

May I refer to your Teletype No. 29 of January 15, 1949, and previous teletypes and despatches concerning Mr. Bertrand's visit to Newfoundland in connection with the matter of import control. Mr. Bertrand has spent the week here and has met with several of the chief importers and gave them certain information. We decided, however, after conference with the President of the Board of Trade, not to have him address a meeting of importers at the present time but that this should be postponed until after Mr. Bertrand's return, which would probably be early in the month of February.

2. Mr. Bertrand now understands the problem here, and he told me today that he plans to return early in February and that he thought he would have to have a staff of perhaps eight or nine to assist him, some of whom would be men who would be familiar with the operation of the quota system and other assistants might be recruited locally through Mr. O'Keefe.[240]

. . .

I have etc.

C. J. BURCHELL

1063. 10287-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

TELETYPE 51 Ottawa, February 1, 1949

Following for Burchell from K. W. Taylor, Department of Finance, Begins: Am planning to arrive in St. John's by air Wednesday evening, February 9, and stay until Sunday morning, February 12. My principal object on this occasion will be to get some first-hand acquaintance with problems of import control and price control in Newfoundland. I should appreciate your advice and any arrangements you care to make for meeting appropriate individuals or groups, both Government and trade. I would be prepared to discuss problems involved with a maximum degree of frankness on a strictly off-the-record basis. I also look forward with a great deal of pleasure to seeing you again. Ends.

1064. 10287-40

Extraits d'une dépêche du haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Extracts from Despatch from High Commissioner in Newfoundland to Secretary of State for External Affairs

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[240]De la Commission de la fonction publique. [240]Of the Civil Service Commission.

DESPATCH 208 St. John's, February 7, 1949

I have the honour to report that the Right Honourable C. D. Howe, Minister of Trade and Commerce, paid a visit to the city during the weekend on the invitation of the Newfoundland Board of Trade.

. . .

3. On the evening of his arrival, the President of the Board of Trade, Mr. Lewis Ayre, entertained him at a small informal dinner at his home. Those present, in addition to myself, were the Vice-President of the Board of Trade, Mr. George Crosbie; Mr. C. C. Pratt, the President of the Newfoundland Industrial Development Board; Mr. Jack Angel, the President of the Associated Industries, which Association represents all the secondary industries in St. John's; also two or three other prominent citizens. Mr. Alex Skelton was also a guest.

4. After dinner we had an interesting two or three hour session discussing some of the problems of Newfoundland.

5. On Saturday noon there was a small reception at the Hotel where Mr. Howe met the members of the Council of the Board of Trade.

6. At one o'clock we attended a luncheon at Government House where the guests included the six members of the Commission of Government, representatives of the Labour associations and one or two others. Mr. Campbell Smith, the Commercial Secretary, and Mr. Skelton were also guests.

. . .

8. At five o'clock Mr. Howe, accompanied by the Commercial Secretary, Mr. Campbell Smith, and Mr. Skelton, met the Council of the Associated Industries and discussed their problems.

9. At seven o'clock there was a reception before the dinner, when Mr. Howe had an opportunity of meeting all the dinner guests, numbering about one hundred and fifty.

10. The dinner was also the annual meeting of the Board of Trade, at which the printed reports were formally approved and an announcement made as to the result of the election for officers.

11. I was told that in former years they frequently had difficulty in getting attendance at these meetings and the capacity of the room was one hundred and fifty and every seat was occupied. I was also informed that they had applications for an additional two hundred seats.

12. Mr. Howe was at his best and delivered a most interesting address which commanded the closest attention of those present. His address was broadcast over the radio and I was told that he would probably have an audience of 75,000 to 100,000 people.

13. I am enclosing a copy of Mr. Howe's address herewith.[†]

. . .

16. On Saturday afternoon Bowring Brothers, which is one of the oldest, if not the oldest, firm in St. John's issued an open letter to Mr. Howe which was printed in the *Evening Telegram*. A copy of the letter is enclosed herewith. I learned off the record that the letter was drafted by Mr. Lewis Ayre's brother, Mr. Fred Ayre, who is a Director of Bowring Brothers.

17. During the course of his address Mr. Howe referred to this letter and stated that he completely approved of everything contained in it. He also read a statement from Mr. Lewis Ayre himself which was printed in the Christmas Edition of the *Daily News*. You will find the quotation in Mr. Howe's speech.

18. I think Mr. Howe's visit was well timed and that he went back feeling very happy over his reception here.

I have etc.

C. J. BURCHELL

[PIÈCE JOINTE/ENCLOSURE]

Extrait du Evening Telegram de St. John's du 5 février 1949

Extract from St. John's Evening Telegram of February 5, 1949

. . .

AN OPEN LETTER TO MR. HOWE

St. John's, February 5, 1949

Welcome to Newfoundland, Mr. Howe.

We are looking forward with great interest to your speech tonight.

These are difficult and anxious times for all Newfoundlanders. The old order is changing and a great deal of mystery surrounds the new.

The prospect of a New Order does not dismay us. Newfoundland has survived many changes and emergencies, and we are stronger now than we have ever been. We are not united in political thought, but we are united in common determination to make the best of the future whatever it brings.

We who take part in the trade and commerce of our Island have a special duty to the public we serve — both consumers and producers. We compete with each other most vigorously because we believe in free enterprise and the benefits to the community of the democratic, competitive system. We are not afraid of fair competition from Canadian sources — if they can serve the people of Newfoundland better than we then they deserve to prosper and we deserve to fail.

But, Mr. Howe, this is a small Island and we must necessarily be at a disadvantage when we first enter the Canadian scene. We will be like a new boy during his first term at school and we do not want to be knocked around any more than is necessary.

It won't take long to learn. We will soon make our political and financial and other affiliations, but first we must pass through this difficult period of transition and you are one of the people who can help us. For instance, in many fields Canadian production is limited. Many products offering the best value for money are available on quota only. Our people deserve a reasonable share of such goods.

And what of the future? To be strong and contented and useful a Province must be prosperous.

We need the full support of Canada's export structure to maintain and develop overseas markets for Newfoundland produce.

Newfoundland will absorb an increasing quantity of supplies produced in the nine Provinces of Canada. We must have assistance in building domestic markets in Canada for Newfoundland produce and manufactures.

Future prosperity also requires the continuation and development of our secondary industries.

Canada has built up a fine Tourist Trade. Can we expect assistance in building ours?

Improved communications are essential for the development of industry and tourism. Will ours be improved?

In business we have found that a contract is only really worthwhile when both parties are satisfied. You can help us to make this contract really worthwhile.

Thank you, Mr. Howe.
BOWRING BROTHERS LIMITED

. . .

1065. 10287-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

TELETYPE 114 Ottawa, February 9, 1949

Following for K. W. Taylor, Chairman of the Wartime Prices and Trade Board, from M. W. Sharp, Begins: Lobley[241] telephoned this morning to say that when in St. John's he had discussed with Burchell and Walsh question of applying Canadian rent control in Newfoundland. His understanding is that Newfoundland will retain responsibility for rent control on a provincial basis after date of union. I do not think federal government will have any objection to this in view of its announced policy of being prepared to turn over rent control to the provinces. I thought however that you should know of this development in case you wish to clarify the position and to enquire as to the continued application of present price control measures in Newfoundland after union. Ends.

1066. 10202-A-40

Procès-verbal d'une réunion du sous-comité interministériel sur les industries secondaires de Terre-Neuve et sur les achats

Minutes of a Meeting of the Interdepartmental Sub-Committee on Newfoundland Secondary Industries and Purchasing

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[241] Administrateur, contrôle des loyers, Commission des prix et du commerce en temps de guerre.

[241] Administrator, Rental Control, Wartime Prices and Trade Board.

SECRET

The first meeting of the sub-committee was held in Room 117, East Block, on Wednesday, February 9, 1949 at 11 a.m.

Present:

W.F. Bull (Chairman)	Trade and Commerce
E.P. Weeks (Vice-Chairman)	Trade and Commerce
R. Campbell Smith	Commercial Secretary, Newfoundland
W.J. Atkinson	Canadian Commercial Corporation
W.P. Harrell	Public Works
J.E. Howes	Bank of Canada
H.R. Horne	External Affairs
R.A. MacKay	External Affairs
P.R. Parent	Labour
T.E. Walker	Transport
D.M. McDonald (Secretary)	Trade and Commerce

I. POSITION OF NEWFOUNDLAND'S SECONDARY INDUSTRIES

1. The need for aiding Newfoundland's secondary industries during the difficult transitional period accompanying confederation was reviewed and reference made to Canada's commitment to Newfoundland to assist these industries by making government purchases there, whenever feasible. The purpose of the committee was to explore all the possible types of commodities and services which could be obtained in Newfoundland and to bring this information to the attention of interested Departments of the Federal Government.

2. The difficulty many firms would have in surviving was emphasized. Most Newfoundland firms operate on a much smaller scale than the average Canadian plant and their costs are likely to be higher. Obsolete technology and low labour productivity which are often characteristic of highly protected industries are further factors which affect their costs and reduce their prospects for meeting competition from Canadian firms in either the Canadian or Newfoundland markets. For example, it currently appears that the nail manufacturing plants in St. John's may lose their local market when Canadian plants begin making substantial shipments there unless they are temporarily dissuaded from doing so by the federal government using Canadian shortages as an argument. As no such supply factor affects the paper bag market it is expected that Canadian and U.S. shipments to Newfoundland will shortly flood the market at prices the local firm won't be able to meet.

3. However, while it is improbable that many Newfoundland firms could approach the bids of Canadian firms on government contracts or have the facilities for handling many others such as the construction of large harbour and airport facilities they should be invited to submit bids and special consideration given to the bids of those firms which have long-run prospects for surviving.

II. NEED FOR LISTS OF SOURCES OF COMMODITIES AND SERVICES IN NEWFOUNDLAND

4. The absence of and the obvious need for adequate trade directories from which to establish what individual firms supplied or were capable of supplying was mentioned. A "Preliminary List of Products Manufactured in Newfoundland with Names of Principal Firms Manufacturing Them" which had been

prepared by the Canadian Trade Commissioner's Office in Newfoundland was distributed and lists obtained by the Canadian Commercial Corporation from the Associated Newfoundland Industries Limited via the Canadian Trade Commissioner's office were also referred to along with the incompleteness of both.

5. Upon request, Mr. R. Campbell Smith agreed to request the Newfoundland Board of Trade to obtain from local manufacturers, wholesalers and other distributors a complete list of products they are prepared to supply. The Board of Trade would be asked to place a limit on the time taken by firms to supply this information as there was occasion for inviting tenders for various supplies in the immediate future.

6. A special enquiry was to be made about the size of local construction firms and their ability to handle harbour and airport contracts. In connection with the former, Mr. Campbell Smith agreed to establish (a) the maximum sizes of timber suitable for wharf, etc. construction which was obtainable locally and (b) the ability of any local construction firm to build the new breakwater at Bonavista.

7. Mr. Smith further agreed that the Trade Commissioner's Office would attempt to stimulate prompt and complete reporting by issuing a press release referring to the operations of the committee and the wish to place Canadian orders in Newfoundland wherever possible.

III. STEPS ALREADY TAKEN TO PLACE GOVERNMENT ORDERS IN NEWFOUNDLAND

8. A number of Federal departments have made inquiries preliminary to inviting tenders from Newfoundland's firms. The Canadian Commercial Corporation has not only obtained the list of suppliers referred to above, but has sent to the Associated Newfoundland Industries Ltd., for circulation among the local firms, a list of the types of supplies the Canadian Commercial Corporation was likely to be purchasing in coming months. The C.C.C. also sent to A.N.I. a complete set of specifications for the military clothing it was likely to purchase. The C.C.C. has been operating on the basis that Newfoundland firms would not be invited to tender on bids except where the closing dates for such tenders was after April 1, 1949. The Dept. of Public Works, on its part, has gone as far as asking for samples of office furniture which it was expecting the next day from the principal furniture manufacturer in Newfoundland. Both the Dept. of Public Works and the Dept. of Transport had been reviewing the construction projects required in Newfoundland but the ability of local firms to handle them was still in doubt.

IV. FUTURE COURSE RE THE PLACEMENT OF CONTRACTS IN NEWFOUNDLAND

9. It was recommended that in future Newfoundland firms would be:

(a) invited to tender on all contracts being publicly bid on regardless of date on which tenders closed or deliveries were to be made;

(b) paid a reasonable premium (where necessary) over the otherwise lowest bid on any supplies required in Newfoundland (exclusive of Labrador), but during a limited transitional period only.

(c) paid a reasonable premium (where necessary) over the accepted bids for supplies required in other provinces on token orders only, and during the limited transitional period only;

(d) expected to compete on a price basis with other Canadian firms on other than token orders for delivery in other provinces;

(e) paid the premiums referred to above only where there were reasonable prospects of the firms so aided being able to survive in the long run.

10. It was decided that before the next meeting members of the sub-committee should obtain the views of their respective departments relative to the desirability of attaching riders to construction contracts placed in Newfoundland which would call for the maximum use of local materials and labour.

V. NECESSITY OF ENCOURAGING NEWFOUNDLAND FIRMS TO COMPETE FOR CDN. CONTRACTS

11. It was decided that in addition to the efforts made by Federal Government departments to get Newfoundland firms to tender on contracts the Newfoundland Board of Trade and the Canadian Trade Commissioner's office in St. John's should do their best to stimulate the local firms to go after the Canadian market on their own. The Canadian Trade Commissioner's press release referred to above (7) would feature the interest of Canadian government departments in placing contracts with Newfoundland firms by referring to the setting-up of this committee, the decisions it has already made and the names of the various departments prepared to place contracts in the immediate future.

VI. ADDITIONS TO COMMITTEE'S MEMBERSHIP

12. It was decided that the King's Printer should be invited to be represented on the committee in view of the volume of printing that might be handled there and that consideration be given to inviting the Royal Canadian Mounted Police to send a representative as they were proposing to extend their service to Newfoundland and might have substantial orders which could be placed there during the initial period.

1067.

10300-G-40

Le secrétaire commercial, le haut commissariat à Terre-Neuve, aux hommes d'affaires de Terre-Neuve

Commercial Secretary, High Commission in Newfoundland, to Newfoundland Business Men

St. John's, February 22, 1949

Dear Sirs,

During the past few months many Newfoundland business men have made use of the facilities of this office in obtaining information on Canadian business, manufactures, legislation and regulations. In order to provide complete service in this respect a number of departmental representatives have been attached to the office of the High Commissioner. It was thought appropriate at this time to

summarize for your benefit the services with which these representatives, together with this office, can provide you. A few remarks on the main features of the regulations with which each representative is concerned are included.

Customs Representative

Mr. Ward McGill, representing the Department of National Revenue (Customs Division), is at the disposal of Newfoundland business men interested in obtaining information on:

(a) Canadian Customs Tariff classifications and Customs duties;

(b) Valuation for duty purposes;

(c) Invoicing procedure;

(d) Warehousing and other miscellaneous regulations.

It should be noted that Canadian goods released from bond after March 31st will be admitted free of Customs duties. Sales or other Excise taxes which may be payable on these goods will, however, be collected before their release. American and other foreign goods held in bond as of March 31st will be admitted upon payment of applicable Canadian duties and excise taxes — subject, of course, to import controls in effect at that time.

Excise Taxes

The Excise Division, Department of National Revenue, is represented by Mr. H. J. Kealey who will be glad to answer questions relating to the operation of taxes imposed on locally manufactured or imported goods under the Canadian Excise Tax Act (i.e. Sales tax, Special taxes, Retail Purchase Tax and taxes on certain forms of communication). He will also deal with any questions relating to Excise duties imposed under the Canadian Excise Act (i.e. on the production of cigarettes, beer, etc.). As previously noted Canadian goods which are in Newfoundland bonded or sufferance warehouses as of March 31st, will be subject to sales or excise taxes if removed after that date; *if they are cleared before March 31st, any sales or excise taxes which have been collected at the source will be refunded.*

Import Controls

Mr. B. E. Ensom of the Emergency Import Control Division, Department of Finance, Ottawa, has established an office here to deal with enquiries in connection with Schedule I, (prohibited imports) and Schedule II (quota goods) of the Emergency Exchange Conservation Act.

Mr. Ensom will be glad to assist Newfoundland companies in the establishment of individual import quotas under Schedule II and to provide information on the submission of import permit applications under Schedule III (Capital goods) of the Act.

As already noted, goods not cleared through Customs before April 1, will be subject to Canadian Import Control Regulations, even if the goods have already been paid for.

The Minister of Finance announced December 13, 1948, that the Canadian Government proposed to take steps to prevent the shipment of goods of foreign origin from Newfoundland to other provinces after the date of union.

Trade Commissioner's Office

This office, which has been established since 1942, continues to provide the following assistance to Newfoundland business men:

(a) Location of sources of supply in Canada for all types of goods.

(b) Answering all enquiries on Canadian commercial or trade matters.

(c) Relaying to Newfoundland business men trade offers received by the office from Canadian companies.

(d) Assisting business men in arranging visits to Canada and providing the necessary introductions.

(e) Distribution of trade literature and such business references as the Canadian Trade Index.

(f) Insertion, on behalf of Newfoundland business men, of trade enquiries in *Foreign Trade*, a weekly magazine published by the Department of Trade and Commerce and distributed to Canadian industry and business. (Subscription to this magazine — $1.00 per year — may be arranged through this office)

This office is also working with the Secondary Industries Committee which has recently been established in Ottawa for the purpose of helping Newfoundland local industries during the period of adjustment after Confederation. In collaboration with the Associated Newfoundland Industries, we shall ensure that local manufacturers with special problems will be given an opportunity of having them fully studied by the Committee in Ottawa.

Through the efforts of the Board of Trade, a list is being compiled of all Newfoundland suppliers of goods and services for the distribution of invitations to tender on Federal Government requirements both in Newfoundland and elsewhere in Canada. The Federal Departments chiefly concerned are: Canadian Commercial Corporation (Purchasing organization for the Armed Services), Department of Transport, the Department of Public Works and the King's Printer. This office will be glad to register the names of companies which may wish to be added to the list.

The foregoing services will still be available to business men after union as this office is to continue in operation in St. John's for at least two or three years, or longer if necessary, although a new title such as Regional Representative of the Department of Trade and Commerce will probably be used.

Yours faithfully,

R. CAMPBELL SMITH

1068. 10452-B-40

L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures

Ambassador in United States to Secretary of State for External Affairs

TELETYPE WA-634 Washington, March 8, 1949

The Assistant Director, Office of International Trade, Department of Commerce, called today to say that the Department of Commerce intend issuing a

press statement in the course of the next week or ten days announcing the extension to Newfoundland as from April 1st, 1949, of the identical policy respecting United States export controls as presently applied to Canada. In making the announcement he wished to have an assurance that Canadian export controls would become operative in Newfoundland on April 1st on the same basis as in the rest of Canada, thus ensuring that Newfoundland is not used as a back-door for the export of United States products to restricted European and other destinations.

2. We have given the office of International Trade the necessary verbal assurances in this respect.

PARTIE 4/PART 4
EXTENSION DES SERVICES FÉDÉRAUX À TERRE-NEUVE
EXTENSION OF FEDERAL SERVICES TO NEWFOUNDLAND

1069. 8114-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire par intérim à Terre-Neuve

Secretary of State for External Affairs to Acting High Commissioner in Newfoundland

DESPATCH 193 Ottawa, August 14, 1948

Sir,

The following enquiries have been received from the Department of National Health and Welfare regarding census, vital statistics and reports of the Department of Health and Welfare:

"We need further information on the 1945 census of Newfoundland. We have already received a figure on the total population of Newfoundland and Labrador and some data on the distribution of this population according to a number of geographic areas. However, in connection with old age pensions and family allowances it is extremely important that we get an age distribution of the population and as detailed a geographic distribution as possible. We need information on the number of children by age groups under 16 years and the number of persons 65 to 69 and 70 and over.

Further, in connection with the National Health Program we are anxious to know whether there is any official Newfoundland Government estimate of the 1947 population. The distribution of the Health Grants under the National Health Program in Canada is based upon the 1947 population estimate certified by the Dominion Statistician. In the case of the Tuberculosis Grant we need the number of deaths and the death rates including and excluding Indians and Eskimos for Newfoundland and Labrador for the five-year period 1942-46.

We have just received a copy of the 1946 Annual Report of the Department of Public Health and Welfare Medical Division. We are anxious to receive the Annual Reports of other divisions of that department and of the department as a whole, if such a report is available, for the past three years."

Would you please endeavour to obtain whatever information and material is available on these questions.

2. Since the 1945 census statistics are likely to be highly important for various government departments in preparing their estimates for the incorporation of Newfoundland, it would be desirable to have as complete a report as possible as to the progress of compilation of census returns. Would you therefore enquire informally of the officials concerned.

I have etc.

R. A. MACKAY
for the Secretary of State
for External Affairs

1070. CNR/9717-9

Le président, le Comité interministériel sur Terre-Neuve, au président et président du Conseil, Canadian National Railways[242]

Chairman, Interdepartmental Committee on Newfoundland, to President and Chairman, Canadian National Railways[242]

Ottawa, August 16, 1948

Sir,

I refer to a Cabinet directive of August 13th, 1948, Circular No. 6, a copy of which is hereto attached, relating to the reconvening of the Interdepartmental Committee on Newfoundland.

In order to acquaint the various government departments and agencies with the procedures which have been adopted towards effecting Newfoundland's entry into Confederation, a meeting is being called for Thursday, the *19th day of August 1948, at 2.30 p.m. in room 497 Centre Block*, to which officials from government departments and agencies concerned with union are being invited.

In view of the importance of the matters to be discussed, *it is highly desirable that you should attend the meeting in person if at all possible.* It will be quite in order, of course, for you to bring any officials whom you may want to have present.

This initial meeting will be largely informative. Its main purpose will be to inform the various government departments and agencies concerned of the machinery which is being set up to dispose of all matters relating to Newfoundland's entry into Confederation.

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[242]Des lettres semblables furent envoyées aux autres sous-ministres et aux responsables d'organismes gouvernementaux.

[242]Similar letters were sent to other Deputy Ministers and to heads of government agencies.

It is fully appreciated that following the initial meeting, deputy ministers and the heads of government agencies will probably not have the time to attend personally to the Committee's business. It is therefore requested that in each department and agency one or more senior officials be designated as members of the augmented Interdepartmental Committee. The names of the officials so designated should be communicated as soon as possible to the Committee's Secretary, Mr. Paul Pelletier, Privy Council Office.

Yours sincerely,

R. A. MACKAY
for L. B. Pearson

[PIÈCE JOINTE/ENCLOSURE]

10202-40

Directive du Cabinet

Cabinet Directive

CIRCULAR NO. 6 Ottawa, August 13, 1948

INTERDEPARTMENTAL COMMITTEE ON NEWFOUNDLAND

Following the second referendum on the future form of government of Newfoundland, the Cabinet, at a meeting held on August 3rd, 1948,[243] agreed that the Interdepartmental Committee on Newfoundland be reconvened to consider and report at an early date on urgent administrative problems of the interim period and matters of procedure and policy relating to union.

The Interdepartmental Committee will include representatives from government departments and agencies concerned with Newfoundland's entry into Confederation. The Chairman of the Committee is Mr. L. B. Pearson, Under-Secretary of State for External Affairs, the Vice-Chairman Mr. R. A. MacKay of the Department of External Affairs and the Secretary Mr. Paul Pelletier of the Privy Council Office.

A small steering committee of the main committee has been established under the chairmanship of Mr. MacKay.

The earliest date on which union can be effected has been announced as March 31st, 1949. It is to be noted, however, that the official Newfoundland delegation has been appointed and will probably arrive in Ottawa in a very few weeks. It is essential therefore that all government departments and agencies should prepare themselves accordingly in order that all matters relating to union may be disposed of as expeditiously as possible.

It is requested that the attention of all officials concerned be drawn to the above Cabinet decision and that all government departments and agencies extend the fullest cooperation to the committees referred to above.

A. D. P. HEENEY

[243] Voir le document 672.

[243] See Document 672.

1071. 10477-40

Extraits du procès-verbal d'une réunion du comité principal, le Comité interministériel sur Terre-Neuve

Extracts from Minutes of a Meeting of the Main Committee, Interdepartmental Committee on Newfoundland

SECRET

MINUTES OF A MEETING OF THE MAIN COMMITTEE HELD IN THE SENATE RAILWAY COMMITTEE ROOM ON THURSDAY, THE 19TH OF AUGUST, 1948, AT 2.30 P.M.

Present:

Mr. R.A. MacKay, Vice-Chairman (in the chair)	Department of External Affairs
Mr. S.R.N. Hodgins	Department of Agriculture
Mr. R.S. Hamer	
Mr. A.M. Shaw	
Mr. J.G. Taggart	
Dr. J.F. Booth	
Dr. K.W. Neatby	
Dr. E.S. Archibald	
Air Vice-Marshall Alan Ferrier	Air Transport Board
Mr. G.F. Towers	Bank of Canada
Mr. G.S. Watts	
Mr. Donald Manson	C.B.C.
Mr. Angus McGugan	Canadian Maritime Commission
Mr. J. Frederickson	
Mr. M.A. Metcalf	Canadian National Railways
Brig. J.L. Melville	Canadian Pension Commission
Mr. D.B. Mansur	Central Mortgage & Housing Corporation
Mr. J.D. Ritchie	
Mr. George T. Jackson	Civil Service Commission
Mr. O.E. Ault	
Mr. R. Campbell Smith	Commercial Secretary, St. John's, Nfld.
Mr. C.M. Isbister	Dominion Bureau of Statistics
Mr. H.G. Page	
Mr. A.R. Crépault	Department of External Affairs
Mr. I.C. Pollack	
Dr. W.C. Clark	Department of Finance
Mr. A.B. Hockin	
Mr. Stewart Bates	Department of Fisheries
Mr. J.J. Lamb	
Mr. H.C.L. Ransom	Fisheries Prices Support Board
Mr. R.W. Warwick	Insurance
Mr. K.M. McIlraith	
Mr. Charles Stein	Department of Justice
Mr. A. MacNamara	Department of Labour
Dr. H.L. Keenleyside	Department of Mines and Resources
Mr. R.K. Odell	
Mr. W.M. Dennis	
Mr. A. Ross	Department of National Defence
W/C N.S. Anderson	
Lt.-Col. H.V. Groos	
Major R.F. Walker	

Mr. R.B. Curry	Department of National Health and Welfare
Mrs. D.B. Sinclair	
Mr. J.W. MacFarlane	
Dr. C.P. Brown	
Dr. D.W. Plewes	
Mr. J.W. Willard	
Mr. R.E. Curran	
Mr. David Sim	Department of National Revenue (Customs and Excise)
Mr. V.C. Nauman	
Mr. W.B. Stuart	
Mr. J. Gear McEntyre	Department of National Revenue (Taxation)
Mr. T. Walker Bullock	
Mr. E.J. Underwood	Post Office Department
Mr. J.R. Baldwin	Privy Council Office
Mr. W.P. Harrell	Department of Public Works
Mr. W.P.J. O'Meara	Secretary of State
Mr. Alex Skelton	Department of Trade and Commerce
Cmdr. C.P. Edwards	Department of Transport
Air Vice-Marshal A.T. Cowley	
Mr. F.M. MacLennan	
Mr. G.C. Browne	
Mr. P.D. McTaggart-Cowan	
Mr. A.D. McLean	
Mr. H.V. Anderson	
Mr. J.G. Bisson	Unemployment Insurance Commission
Mr. R.J. Talon	
Mr. F.R.R. de Cotret	
Mr. W.K. Rutherford	
Mr. H. Spencer Relph	
Maj.-Gen. E.L.M. Burns	Department of Veterans Affairs
Mr. Paul Pelletier (Secretary)	Privy Council Office

I. OPENING ADDRESS BY THE VICE-CHAIRMAN

Mr. MacKay stated that he had been asked to preside at the meeting in view of Mr. Pearson's having been called away to Washington on urgent business.

. . .

8. *Conclusion*

In concluding, Mr. MacKay drew the meeting's attention more particularly to the following points:

(a) It was essential that all departments should aim at April 1st, 1949, as the date of change-over, and that they should be prepared to be operating fully in Newfoundland as of that date. In some cases, this might be impossible, but, if so, the steering committee should be advised of this at the earliest date possible.

(b) The standard of federal services to be extended to Newfoundland should normally be that of other provinces, subject to any special conditions or qualifications set forth in the proposed arrangements. It would, of course, be impossible for some departments to provide services at once on the average Canadian standard, — e.g., it could scarcely be anticipated that transportation and communication services could be established as of April 1st on a standard that obtains elsewhere in Canada. Each department would, of course, be the best judge as to what could or should be done.

(c) Many departments would no doubt have to send officers to Newfoundland to look over present services and arrange for the change-over. Field investigations along the coast would obviously have to be carried on before freeze-up, or, roughly, before December 1st. On the other hand, the government felt it inadvisable for many officials to go down until after negotiations with the Newfoundland delegation were under way. Negotiations with the Newfoundland delegation might be anticipated about September 13th. The government was also reluctant to see too many officials of various departments in Newfoundland at any one time in order that Newfoundlanders should not be given the impression that they were being invaded or simply annexed. It would, therefore, be essential that there be some coordination of the visits of officials. It was felt that this should be done by the steering committee. That is to say, departments should consult the steering committee as to when they would like to send officials down, as to how many officials they would like to send, and as to the field investigations they would like to have conducted by their officials.

(d) Finally, it should be emphasized that the Newfoundland people are a sensitive people, proud of their long history — their history goes back really farther than Canada's — and proud of the fact that they have maintained their autonomy over a long period. It should also be remembered that there was a very large vote for Responsible Government, though it would be difficult to say whether those who voted for Responsible Government really felt they were voting against Confederation. But, at best, considerable bitterness might be anticipated among certain elements over the result, and considerable criticism of Canada and perhaps considerable opposition to being pushed around. It would, therefore, be essential that any official going to Newfoundland should be warned by his Department about these conditions and instructed to exercise great care against giving offence or being in any way patronizing towards Newfoundlanders or about Newfoundland conditions.

II. GENERAL DISCUSSION

9. *Preliminary Investigations and Surveys*

After the meeting had been thrown open for general discussion, Mr. Skelton pointed to the numerous difficulties that would undoubtedly arise through the present lack of essential information concerning Newfoundland. He indicated that this was one of the main reasons which had prompted the suggestion that a sub-committee on the organization of administrative services should be established. He stressed particularly the enormous amount of work that the Dominion Bureau of Statistics would have to do before most government departments could begin to establish their services in Newfoundland. In addition to the Bureau's main task of collecting economic and other data, many other departments would have to conduct specialized field investigations of their own. The sub-committee's main function would be to correlate these various activities and ensure that there was no duplication.

Mr. Curry pointed out that his department would be vitally interested in the sub-committee's activities in view of the fact that the payment of family allowances could not commence on April 1st, 1949, unless a considerable amount of necessary data was available in sufficient time.

Mr. Isbister added that if Canada were to take over effectively by April 1st, 1949, it was essential that complete information concerning Newfoundland's assets and liabilities should be obtained as soon as possible.

10. *Newfoundland's civil servants*

Dr. Keenleyside enquired whether it was the government's intention to take over all personnel presently employed by the Newfoundland government in services equivalent to our own federal services. Commander Edwards expressed the opinion that the simplest and most efficacious way of dealing with this problem would probably be to take over all personnel presently employed in these equivalent services subject, of course, to any necessary future reorganization. Mr. MacKay and Mr. Baldwin felt that this was no doubt the intention as expressed in "The Terms" offered Newfoundland.

In connection with personnel matters, Mr. Tallon suggested that any departments extending new services to Newfoundland would have to recruit personnel in Newfoundland and that, if these advertising campaigns were conducted independently and simultaneously by all departments, confusion and cutthroat tactics might ensue. He suggested that this problem might be solved by having these advertising campaigns for personnel centralized and coordinated by the Civil Service Commission.

Mr. Jackson indicated that it was the Civil Service Commission's intention to ascertain the needs of all departments and agencies in order to coordinate the recruiting of personnel in Newfoundland. In this connection, he suggested that in order to enable a complete change-over by April 1st, 1949, it would be advisable to authorize the Civil Service Commission to conduct recruiting and training campaigns prior to that date. If this were authorized it would probably be necessary to establish a small recruiting and training unit in Newfoundland some months prior to the date of union.

. . .

III. CONCLUSIONS

17. After considerable discussion, the meeting agreed,

(a) that the establishment of the sub-committees and the appointment of chairmen as outlined by Mr. MacKay be recommended immediately;

(b) that all government departments and agencies be notified immediately upon approval having been obtained with respect to the five sub-committees;

(c) that all government departments and agencies should aim at a complete change-over in administrative services by April 1st, 1949, and that any necessary preliminary work should be undertaken at once;

(d) that all contacts with the Newfoundland delegation or with the various Newfoundland departments of government should be made through and in consultation with the steering committee.

1072. 10302-A-40

Extrait du procès-verbal d'une réunion du sous-comité de direction, le Comité interministériel sur Terre-Neuve[244]

Extract from Minutes of a Meeting of the Steering Sub-Committee, Interdepartmental Committee on Newfoundland[244]

SECRET

MINUTES OF A MEETING OF THE STEERING SUB-COMMITTEE HELD IN ROOM 129, EAST BLOCK, ON FRIDAY, 27TH AUGUST, 1948, AT 12:30 P.M.

Present:

Mr. R.A. MacKay (Chairman)	Department of External Affairs
Mr. A.R. Crépault	
Mr. M.W. Sharp	Department of Finance
Mr. A.B. Hockin	
Mr. Alex Skelton	Department of Trade and Commerce
Mr. Paul Pelletier (Secretary)	Privy Council Office

I. VISITS OF CANADIAN OFFICIALS TO NEWFOUNDLAND

1. THE CHAIRMAN reported that during the course of a telephone conversation that day with St. John's, Mr. Bridle had informed him that the Chairman of the official Newfoundland delegation had said that, at a meeting of the delegation held the previous day, it had been heartily recommended that Canadian officials should come to Newfoundland as soon as possible to discuss problems of mutual interest with officials of the Newfoundland government services.[245]

No time had been specified for these visits by Canadian officials but the Governor of Newfoundland had indicated he hoped Canadian officials could come to the Island during the course of the following week in order to reassure the Newfoundland public that preparations for union were actually under way.

The Chairman of the delegation had suggested the following topics as possible subjects for discussion:

1. Details of Canadian tariff, both statutory and administrative;
2. Railways;
3. Mines and Resources — What aspect would the province continue to be responsible for, and what would we be doing in that field?;
4. Shipping — freight rates, comparative rate between railway and ocean transport; application of Canadian Shipping Act, particularly with respect to what lines may become coastal;
5. Civil aviation;
6. Medical services (In view of public finance, they may have to curtail some of their health expenditures. They want officials to understand the situation before they take any action);

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[244]Dans certains documents, on mentionne parfois un comité de direction qui est en effet le sous-comité de direction.

[245]Voir le document 682.

[244]In some documents, mention is made of a steering committee which is in fact the steering sub-committee.

[245]See Document 682.

7. Fisheries — The Governor thinks it desirable that Fishery officials should go down.

2. MR. SHARP felt that it might be inadvisable to have Canadian officials go to St. John's at this early stage in view of the possibility of their unwittingly committing the Canadian government to policy decisions which had not yet been settled by the Cabinet. He added that most of the subjects for discussion advanced by the Chairman of the Newfoundland delegation involved major questions of policy which should not be dealt with until after the delegation's arrival in Ottawa and then only with the Canadian government.

3. MR. SKELTON generally agreed with the views expressed by Mr. Sharp but said that what he had in mind when he suggested that certain Canadian officials should go to St. John's immediately was not at all along the lines suggested by Mr. Walsh. He agreed that any question of policy should be a matter for discussion between the official Newfoundland delegation and the Canadian government. There was, however, a considerable amount of information that was essentially needed and to this end, he felt that a small team of senior Canadian officials might go to St. John's to conduct a general economic survey of the present situation of the Island. The task would be twofold: (a) to collect essential data on present-day conditions in Newfoundland and (b) to prepare a report on economic and other problems for the information of the Canadian government and officials.

4. MR. MACKAY informed the meeting that enquiries had been received from several departments notably National Health and Welfare, Labour, the Unemployment Insurance Commission, Veterans Affairs and the National Film Board, as to whether it would be possible for them to send some of their officials to St. John's immediately in order that they might obtain information required for the establishment of their respective services immediately upon union being effected.

It was pointed out that the officials who might be sent from government departments at Ottawa would conduct surveys on a technical basis with a view to the future extension of their services to Newfoundland and would not enter into discussions at any stage on questions of policy.

5. THE COMMITTEE, after some further discussion, agreed,

(a) That it be recommended that a small team of senior Canadian officials be sent to St. John's immediately to conduct a general survey of economic and other problems that might arise before and after union and to establish a general but factual appraisal of the present situation in Newfoundland, more particularly from an economic and an administrative point of view.[246] This delegation might consist of Mr. MacKay, Mr. Skelton, Mr. Sharp and Mr. Bates. (If this recommendation were approved, it was intended that the officials listed above should leave Ottawa next Wednesday, September 1st and remain in Newfoundland for four or five days).

(b) That permission to departments to send their own investigators to Newfoundland should not be granted until after the return of the general survey team referred to in (a) above.

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[246]Voir les documents 693 et 717.

[246]See Documents 693 and 717.

(c) That the Chairman of the Newfoundland delegation should be informed immediately that the topics he had suggested for discussion between Canadian officials and officials of the Newfoundland government services appeared to involve questions of policy that could only be discussed by the official Newfoundland delegation and the Canadian government. There would be no objection, however, to Canadian officials investigating immediately the technical aspects of the problems of extending federal services to Newfoundland.

. . .

1073. 8114-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 443 St. John's, August 28, 1948

Sir,

I have the honour to refer to paragraph 2 of your despatch No. 193 of August 14th in which you requested as complete a report as possible regarding the progress of compilation of the 1945 census returns.

2. I have enquired informally of Mr. Fraser Harris, the official in charge of the census, and he tells me that progress in compiling the census returns has been much slower than he had hoped, chiefly due to the fact that the only electrical counting machine which he has at his disposal has to be used continually for routine Government work. At the present rate of progress, it is expected that Volume I of the Census may be completely compiled by about November of this year, while Volume II will not be ready until next spring at the earliest. You will recall that Volume I contains statistics regarding the population broken down under various headings, while Volume II contains statistics relating to families and dwellings, occupations and earnings, and buildings. Generally speaking the statistics of population have been completely compiled for all settlements and electoral districts and they have been broken down according to sex, religion and five-year age groups. The breakdowns according to marital status, literacy, school attendance, racial origin, nationality, and migrational trends have yet to be completed.

3. Referring to the table of contents of Volume 1 of the 1933 Census, it may be said that the 1945 counterpart of Tables 1 to 15 inclusive have been completed (although in the case of Tables 5 and 6 the information has been incorporated in other tables). Tables 28 to 33 inclusive have also been completed, but Tables 16 to 27 inclusive and 34 to 40 inclusive have not yet been compiled.

4. It may be noted that the questions asked when the 1945 census was taken were somewhat more inclusive than the questions asked on previous occasions. This means, in the case of Volume I, for example, that it is planned to analyze literacy in greater detail than heretofore. In the case of Volume II it means that a

new section will be included which will show occupational trends and which will at the same time be cross-referenced to Tables showing age groups and population by districts.

5. Mr. Harris told me that he has under consideration a plan which he thinks might speed up the compilation of the census returns. He intends, he says, to recommend to the head of his Department (i.e. the Secretary of the Department of Public Health and Welfare) that the Dominion Bureau of Statistics should be asked, through Governmental channels, if they would undertake to sort and compile data from duplicates of such cards now held by the Newfoundland census authorities as might contain information which would be of interest to the Canadian authorities. I told Mr. Harris that I felt sure that he would find the Canadian authorities anxious to do anything they could to assist the Newfoundland authorities in completing the compilation of their census returns.

I have etc.

PAUL A. BRIDLE

1674. PCO-CRF

Extraits d'un mémorandum du bureau du Conseil privé

Extracts from Memorandum by Privy Council Office

SECRET Ottawa, August 31, 1948

NEWFOUNDLAND — PROGRESS REPORT

Following Cabinet decisions of August 3rd[247] and August 11th, 1948, relating to Newfoundland, some of the preliminary work required to effect union has been actively carried on in both Ottawa and St. John's.

. . .

One of the more important problems to be solved immediately is the collecting of essential economic and other data on Newfoundland without which certain federal services cannot be extended to the Island. With this in mind, it is proposed to send a small team of senior officials to St. John's this week to familiarize themselves with the local situation. This team will consist of representatives from the Department of External Affairs, the Department of Finance, the Department of Trade and Commerce and the Department of Fisheries. This visit is being made with the knowledge and approval of the Newfoundland authorities.

In order that a complete change-over may be effected on March 31st, 1949, however, it is essential that all technical aspects involved in the taking over of existing Newfoundland services and in the extension of new federal services to the Island should be settled well in advance of the date of union. With this in mind, it is proposed that as soon as the small survey team referred to above returns to Ottawa, officials of the various government departments should be permitted to get in touch with their opposite numbers in Newfoundland in order

[247]Voir le document 672. [247]See Document 672.

to arrange details of the administrative change-over. It should be clearly understood that these officials should confine themselves to the technical aspects of the change-over and should not enter at any stage on discussions of questions of policy. It is also felt that all visits of departmental officials to Newfoundland should be arranged through the steering sub-committee of the Interdepartmental Committee in order to avoid any appearance of an "invasion" of the island by Canadian officials.

. . .

1075. 10202-A-40

Extraits du procès-verbal d'une réunion du sous-comité de direction, le Comité interministériel sur Terre-Neuve

Extracts from Minutes of a Meeting of the Steering Sub-Committee, Interdepartmental Committee on Newfoundland

SECRET

MINUTES OF A MEETING OF THE STEERING SUB-COMMITTEE HELD IN ROOM 123, EAST BLOCK, ON SATURDAY, SEPTEMBER 11TH, 1948, AT 10:30 A.M.

Present:

Mr. R.A. MacKay (Chairman)	Department of External Affairs
Mr. I.C. Pollack	
Mr. S. Bates	Department of Fisheries
Mr. J.E. Coyne	Bank of Canada
Mr. J. Howes	
Mr. M.W. Sharp	Department of Finance
Mr. C. Stein	Department of Justice
Mr. J.R. Baldwin	Privy Council Office
Mr. Paul Pelletier (Secretary)	

. . .

II. CANADIAN PUBLIC RELATIONS IN NEWFOUNDLAND

3. THE CHAIRMAN, referring to his recent visit to St. John's with Mr. Bates, Mr. Sharp and Mr. Skelton, reported that they had been astonished at the almost complete lack of knowledge, amongst a large proportion of Newfoundlanders, as to what Confederation would mean to the Island from an economic and more particularly from a political point of view.

MR. BATES felt that the political, social and economic implications of Confederation had not been sufficiently publicized in Newfoundland following the second referendum. While in Newfoundland last week, he had ascertained from a considerable number of fishermen that they had voted for Responsible Government merely because they were under the impression that union with Canada would deprive them of their electoral rights and that they would be governed much in the same manner as they had been during the past fifteen years by the Commission of Government.

4. MR. MACKAY suggested the possibility of establishing a Canadian information centre in St. John's where Newfoundlanders could get pertinent answers to all their questions. In this connection it might be useful to establish a subcommittee on publicity.

5. MR. BALDWIN was of opinion that the desired results might probably be achieved more readily through the channelling of informative radio programmes from the C.B.C. to the Newfoundland broadcasting system.

6. MR. SHARP said that, in view of the existence of the Information Division in the Department of External Affairs, this department might undertake the task of instigating a publicity campaign through the combined efforts of the Information Division and the Canadian Broadcasting Corporation.

7. THE COMMITTEE, after further discussion, agreed to a suggestion of the Chairman that he should consult with the External Affairs Information Division and with the Chairman of the C.B.C. with a view to establishing, as soon as possible, a Canadian Information Service for Newfoundland through whatever means appeared to be most practical.

. . .

IV. VISITS OF CANADIAN OFFICIALS TO NEWFOUNDLAND AND OF NEWFOUNDLAND OFFICIALS TO OTTAWA

11. THE CHAIRMAN reported that requests had been received from several government departments either to send some of their officials to St. John's or alternatively to invite certain Newfoundland officials to come to Ottawa to discuss matters of mutual interest relating to the establishment of Canadian federal services in Newfoundland.

MR. MACKAY said that amongst the departments enquiring whether it would be possible to send officials to Newfoundland were the Department of Veterans Affairs, the Department of Labour and the Department of National Health and Welfare. On the other hand, the Department of National Revenue (Customs & Excise), the Post Office Department and the Department of Transport proposed to invite certain Newfoundland officials to come to Ottawa.

12. THE COMMITTEE, after considerable discussion, agreed that all visits of this nature should be coordinated through the steering committee and the sub-committee on the Organization of Administrative Services and that the departments from which requests, as set out above, had been received should be notified that they could send officials to St. John's or invite Newfoundland officials to Ottawa after having conferred with the Chairman of the steering committee and the Chairman of the sub-committee on the Organization of Administrative Services.

V. PREPARATION OF MATERIAL FOR CABINET COMMITTEE

13. THE CHAIRMAN suggested that it would be useful if the various sub-committees could prepare immediately reports on issues which were likely to be raised by the Newfoundland delegation.

14. MR. SHARP said that although information on the detailed agenda of the official delegation was not available, many of the questions that would be raised by the Newfoundland delegation were now known and that memoranda along the

lines suggested by the Chairman could probably be drawn up immediately by the sub-committees.

15. THE COMMITTEE, after discussion, agreed that the sub-committees should study all issues that were likely to be raised by the Newfoundland delegation and prepare reports on these issues for the government's convenience.

. . .

VII. SIZE OF FEDERAL ESTABLISHMENTS IN NEWFOUNDLAND

19. THE CHAIRMAN reported that the Unemployment Insurance Commission had submitted a fairly detailed plan of the services which it proposed to establish in Newfoundland. At first glance, these proposed establishments appeared to be on a rather large scale. It was feared that there might be a tendency among service departments generally to expand their establishments unnecessarily in Newfoundland.

In the circumstances, it would be advisable to ensure that the nature and size of all federal establishments in Newfoundland should be controlled carefully by some central agency. It had been suggested that the Civil Service Commission, the Treasury Board and the Comptroller of the Treasury might be used for this purpose.

20. THE COMMITTEE, after discussion, agreed that Mr. Howes should consider and report on the advisability of including as members of his sub-committee, for the purposes outlined above, representatives of Treasury Board, the Civil Service Commission and the Comptroller of the Treasury's Office.

. . .

1076.

10202-A-40

Mémorandum du secrétaire, le sous-comité de direction, le Comité interministériel sur Terre-Neuve, au sous-comité de direction, le Comité interministériel sur Terre-Neuve

Memorandum from Secretary, Steering Sub-Committee, Interdepartmental Committee on Newfoundland, to Steering Sub-Committee, Interdepartmental Committee on Newfoundland

CONFIDENTIAL

Ottawa, September 14, 1948

CO-ORDINATION OF ESTABLISHMENT OF FEDERAL SERVICES IN NEWFOUNDLAND

It will be recalled that at its meeting of September 11th, the steering committee felt that some well-defined procedure should be adopted to ensure that a high degree of co-ordination was maintained in the establishment of federal services in Newfoundland and also to prevent over-extension of these services (Minutes of September 11th, paragraphs 19 and 20).

With this in mind, it is suggested that all government departments and agencies might be requested to follow the procedure set out hereunder, not only with respect to the ultimate size of their establishments in Newfoundland but also with respect to visits of officials to and from Newfoundland:

1. That all government departments and agencies wishing to send officials to Newfoundland or to invite Newfoundland officials to Ottawa should submit a request to this effect in writing to the Secretary of the Interdepartmental Committee. These visits will then be co-ordinated by the Chairman of the steering committee and the Chairman of the sub-committee on the Organization of Administrative Services in consultation with the departments and agencies concerned.

2. That prior to reaching a final decision on their Newfoundland establishments, all government departments and agencies should submit these proposed establishments to the sub-committee on the Organization of Administrative Services for approval in consultation with the Civil Service Commission, Treasury Board and the department concerned.

3. That all government departments and agencies, after ascertaining their requirements as to office accommodation in Newfoundland, should submit their requirements in this respect to the steering committee for approval in consultation with the Department of Public Works and the department concerned. (This procedure should apply to temporary accommodation required before union as well as to permanent accommodation).

4. That all government departments and agencies should submit their estimated personnel requirements in Newfoundland to the sub-committee on the Organization of Administrative Services and to the Civil Service Commission in order that the latter may be in a position to organize the necessary recruiting and training campaigns.

5. That all government departments and agencies should submit to the steering committee, as soon as practicable, an estimate of the additional expenditures involved in the extension of their respective services to Newfoundland.

6. That the Secretary of the Interdepartmental Committee advise all government departments and agencies (including those not represented on the Interdepartmental Committee such as the Auditor General, The Chief Electoral Officer, etc.) of the co-ordinating procedure set out above.

PAUL PELLETIER

1077. 10300-J-40

Extraits d'un mémorandum du président, le sous-comité sur l'organisation des services administratifs, le Comité interministériel sur Terre-Neuve

Extracts from Memorandum by Chairman, Sub-Committee on Organization of Administrative Services, Interdepartmental Committee on Newfoundland

Ottawa, September 15, 1948

CHAIRMAN'S PRELIMINARY REPORT ON COMMITTEE'S ORGANIZATION

1. *Duties*

As indicated in paragraph 5(e)† of the Minutes of the August 21, 1948, meeting of the Interdepartmental Committee on Newfoundland, the main function of the Committee is to correlate the activities of the various departments in setting up administrative services and ensure that the necessary surveys, economic and otherwise, are made and at the same time to eliminate duplication of individual efforts.

2. *Reference*

It will be important to keep in mind the document "Proposed Arrangements for the Entry of Newfoundland into Confederation,"[248] particularly section 17 relating to government employees.

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4. *Immediate Problems*

The most urgent of these is *when* and *how* to arrange contacts between the federal departments and the department or division in Newfoundland performing a related activity, to ensure an administration ready to function at March 31, 1949. For this purpose departments might be divided into two categories:

A. those which would in effect completely absorb an established service in Newfoundland;

B. those which would take over only parts or sections of established services or which would establish new services.

Departments in Category A will be taking over a going concern and the main problem will be the retraining of personnel to perform their duties in accordance with Canadian law and practice instead of Newfoundland law and practice. Such departments should therefore be given authority to establish contact with their Newfoundland opposites as soon as possible. The question will also arise as to the extent to which the Newfoundland employees concerned are to be screened by the Civil Service Commission. Departments in Category A are:

Canadian Broadcasting Corporation
Customs and Excise (National Revenue)
National Defence
Post Office
Transport
Veterans Affairs

Departments and agencies in Category B should be requested to send information to the Subcommittee within one week setting out: (a) whether they require an establishment in Newfoundland; (b) if so, its size, classification of employees, floor space required, at what date it would be required, etc. If no establishment in Newfoundland is required, information should be sent to the Subcommittee

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[248]Voir la pièce jointe, document 442.

[248]See enclosure, Document 442.

within three weeks outlining the proposed addition to existing establishment with its size, classification of employees, floor space required, etc.

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1078. 10202-A-40

Extraits du procès-verbal d'une réunion du sous-comité de direction, le Comité interministériel sur Terre-Neuve

Extracts from Minutes of a Meeting of the Steering Sub-Committee, Interdepartmental Committee on Newfoundland

SECRET

MINUTES OF A MEETING OF THE STEERING COMMITTEE HELD IN ROOM 123, EAST BLOCK, ON WEDNESDAY, SEPTEMBER 15TH, 1948, AT 11:30 A.M.

Present:

Mr. R.A. MacKay (Chairman)	Department of External Affairs
Mr. A.R. Crépault	
Mr. H.R. Horne	
Mr. I.C. Pollack	
Mr. J.E. Coyne	Bank of Canada
Mr. J. Howes	
Mr. M.W. Sharp	Department of Finance
Mr. C. Stein	Department of Justice
Mr. E.A. Driedger	
Mr. Alex Skelton	Department of Trade and Commerce
Mr. J.C. Lessard	Department of Transport
Mr. J.R. Baldwin	Privy Council Office
Mr. Paul Pelletier (Secretary)	

. . .

II. SUB-COMMITTEES — REPORTS ON MEMBERSHIP

. . .

5. MR. HOWES said that it would appear to be desirable to have a wide representation of federal departments and agencies on the sub-committee on the Organization of Administrative Services, with the representatives of those departments and agencies whose primary interest lies in the overall picture of government administration forming an active section and the remainder an advisory section.

The active section might consist of representatives of the Civil Service Commission, the Comptroller of the Treasury's Office, the Dominion Bureau of Statistics, External Affairs, Public Works, Trade and Commerce and Treasury Board. The advisory section would include representatives of Agriculture, Mines and Resources, National Health and Welfare, National Revenue, Post Office, R.C.M.P., Secretary of State, Transport, Unemployment Insurance Commission and Veterans Affairs.

(Chairman's preliminary report on organization of sub-committee on the Organization of Administrative Services, dated September 15th, 1948.)

6. MR. SHARP said that he understood that the duties of the sub-committee on Finance and Economic Policy would be to study and report on financial and economic questions of a general nature. There would undoubtedly be financial questions arising in all government departments and agencies but these in the main would be of a more specialized nature and might not as such require study by the sub-committee. It would seem that the membership of this sub-committee might include representatives from the Department of Finance, the Bank of Canada, the Comptroller of the Treasury's Office, the Department of National Revenue (Customs and Excise and Taxation) and the Department of Trade and Commerce.

(Letter dated September 14th, from Mr. Sharp to Mr. MacKay).[†]

7. MR. LESSARD felt that the sub-committee on Transportation and Communications should include representatives from the Department of Transport, the Air Transport Board, the Canadian National Railways, the Canadian Maritime Commission, the National Harbours Board, the Board of Transport Commissioners, the C.B.C. and the Post Office Department.

8. THE CHAIRMAN reported that Mr. Bates, Chairman of the sub-committee on Fisheries, was absent from Ottawa and that the final establishment of the membership of that sub-committee should await his return. He understood, however, that the sub-committee would probably consist of Mr. Bates as Chairman and representatives of the Departments of Justice and Trade and Commerce as members.

9. THE COMMITTEE, after discussion, agreed to the composition of the five sub-committees on Newfoundland[. . .].

III. CO-ORDINATING PROCEDURE FOR THE ESTABLISHMENT OF FEDERAL SERVICES IN NEWFOUNDLAND

10. THE CHAIRMAN referring to the meeting of September 11th, said that a procedure had been suggested to co-ordinate visits of Canadian officials to St. John's and also to ensure maximum efficiency in the establishment of federal services in Newfoundland.

(Secretary's note of September 14th, ICN Document No. 3.)

11. THE COMMITTEE, after discussion, agreed that in order to maintain the highest degree of co-ordination in the establishment of federal services in Newfoundland, all government departments and agencies be asked to follow the procedure set out hereunder:

(a) That all government departments and agencies wishing to send officials to Newfoundland or to invite Newfoundland officials to Ottawa should notify the Secretary of the Interdepartmental Committee on Newfoundland in order that these visits might be co-ordinated by the Chairman of the steering committee and the Chairman of the sub-committee on the Organization of Administrative Services in consultation with the departments and agencies concerned.

(b) That departmental personnel requirements should be forwarded to the Civil Service Commission in order that the necessary recruiting and training campaigns may be organized. At the same time, a copy of the estimated personnel requirements should be forwarded to the Chairman of the sub-committee on

the Organization of Administrative Services for consideration with the Civil Service Commission, Treasury Board and the department concerned.

(c) That departmental requirements for office accommodation in Newfoundland should be forwarded as soon as possible to the Department of Public Works. A copy of these requirements should also be sent to the Chairman of the sub-committee on the Organization of Administrative Services.

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IX. CANADIAN PUBLIC RELATIONS IN NEWFOUNDLAND

23. THE CHAIRMAN, referring to the meeting of September 11th, with respect to the possibility of establishing a Canadian information service for Newfoundland through the facilities of the Information Division of External Affairs, the Canadian Broadcasting Corporation and possibly the National Film Board, reported that a meeting had been held at which representatives of these bodies had been present.

MR. MACKAY said that as a result of this meeting certain proposals had been made. It was felt, however, that generally speaking the proposals which had been advanced were perhaps too elaborate and went beyond the needs of the moment. In view of this, it was suggested that the type of Canadian public relations which were required in Newfoundland at present should be gone into again with the Information Division of External Affairs, the Canadian Broadcasting Corporation and the National Film Board.

24. THE COMMITTEE, after discussion, noted the Chairman's suggestion with approval.

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XII. LIAISON WITH CABINET COMMITTEE ON NEWFOUNDLAND

30. THE CHAIRMAN reported that Mr. Walter Harris, Parliamentary Assistant to the Secretary of State for External Affairs, had been asked by the Minister to act as Liaison Officer between the Interdepartmental Committee and the Cabinet Committee on Newfoundland.

31. THE COMMITTEE noted the Chairman's report.

XIII. GENERAL DISCUSSION

32. MR. STEIN suggested that it would be helpful if the members of the steering committee and all government departments could be supplied with detailed and up-to-date maps of Newfoundland.

33. MR. SHARP pointed out that one of the financial problems that would have to be considered immediately by the sub-committee on Finance and Economic Policy and perhaps by the steering committee as a whole was the possibility that certain essential development and other programmes in Newfoundland might be discontinued. This, in effect, would result in the federal government having to assume heavier financial and other responsibilities following union than would normally be required for current needs. There was also the possibility that prior to union the Newfoundland authorities might make rather heavy commitments which would not come due until after union and which would more or less bind the federal government.

34. MR. SKELTON suggested that it might be advisable to publicize the fact that the Canadian Civil Service as a whole would be open to Newfoundlanders following union. He also felt that there might be some merit in opening the federal Civil Service to Newfoundlanders prior to union in view of the necessity in many instances of a certain period of training prior to the actual taking over of jobs by successful candidates. It was pointed out, in this connection, that length of residence in Canada had some bearing on the eligibility of candidates to Civil Service positions. This was a legal problem which could no doubt be solved by a general clause in the Act of Union.

35. THE COMMITTEE noted the suggestions made by Mr. Stein, Mr. Sharp and Mr. Skelton.

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1079. 10202-A-40

Extraits du procès-verbal d'une réunion du sous-comité sur l'organisation des services administratifs, le Comité interministériel sur Terre-Neuve

Extracts from Minutes of a Meeting of the Sub-Committee on the Organization of Administrative Services, Interdepartmental Committee on Newfoundland

SECRET

MINUTES OF A MEETING OF THE SUB-COMMITTEE ON THE ORGANIZATION OF ADMINISTRATIVE SERVICES HELD IN ROOM 123, EAST BLOCK, ON SATURDAY, SEPTEMBER 18, 1948, AT 10:30 A.M.

Present:

Mr. J. Howes (Chairman)	Bank of Canada
Mr. G.T. Jackson	Civil Service Commission
Dr. O.E. Ault	
Mr. M.D. Fidler	Comptroller of the Treasury's Office
Mr. J.T. Marshall	Dominion Bureau of Statistics
Mr. W.P. Harrell	Public Works
Mr. C.J. Mackenzie	Treasury Board
Mr. Paul Pelletier	Privy Council Office

I. SUB-COMMITTEE'S TERMS OF REFERENCE

1. THE CHAIRMAN said that the sub-committee on the Organization of Administrative Services was one of five which had been set up in accordance with the proposal advanced by the main Interdepartmental Committee at its meeting of August 19th. The other four sub-committees and their chairmen were as follows:

Sub-committee	Chairman
Finance and Economic Policy	Mr. M.W. Sharp
Fisheries	Mr. Stewart Bates
Legal and Procedure	Mr. C. Stein
Transportation and Communications	Mr. J.C. Lessard

The main questions with which the sub-committee would be concerned were the following:

(a) The correlating of preliminary economic and other surveys;

(b) The co-ordinating of all visits to and from Newfoundland in consultation with the steering committee and the departments concerned;

(c) Departmental establishments generally;

(d) Office accommodation in Newfoundland;

(e) Other related administrative matters.

MR. HOWES pointed out that this last term of reference, (e) above, had been included in view of the fact that the sub-committee would probably be asked by the steering committee or by the main committee to consider various unrelated questions of an administrative nature.

2. THE COMMITTEE noted the Chairman's report.

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IV. DEPARTMENTAL ESTABLISHMENTS IN NEWFOUNDLAND

9. MR. JACKSON said that if the change-over in Newfoundland were to be made effective March 31st, 1949, the Civil Service Commission would have to begin recruiting and training personnel in January of next year or, at the latest, at the beginning of February.

It was essential therefore that the Civil Service Commission and Treasury Board officials should be supplied as soon as possible with detailed information on present departmental establishments in Newfoundland as well as with a complete schedule of the personnel that will be required by each federal department in Newfoundland following union.

10. THE COMMITTEE, after discussion, agreed,

(a) That detailed information respecting present departmental establishments in Newfoundland be secured immediately through the High Commissioner's Office in St. John's and that this information be distributed to all sub-committee members by the Secretary; and

(b) That a letter requesting information respecting the personnel that will be required by each federal department in Newfoundland be prepared by officials of the Civil Service Commission and of Treasury Board in consultation, and be sent out to all government departments and agencies by the Secretary.

. . .

VI. VISITS TO AND FROM NEWFOUNDLAND

15. THE CHAIRMAN reported that several departments had indicated that they proposed to send officials to Newfoundland in the near future. Dr. Fergusson and Mr. Cross of the Department of Veterans Affairs would be leaving for St. John's in a few days. In addition, two Labour officials and Dr. Reid of the Department of National Health and Welfare would probably go to Newfoundland later on.

16. MR. HOWES added that during the course of the next few weeks, the following Newfoundland officials would be coming to Ottawa to hold discussions with the federal departments concerned:

Mr. J.G. Howell	Secretary of the Newfoundland Customs Department.
Mr. Roddis	Director of Posts and Telegraphs in Newfoundland.
S/L Pattison	Director of Civil Aviation in Newfoundland.
Mr. Harris	Newfoundland Statistics Officer.
Mr. Allen	Newfoundland Income Tax Department.

17. THE COMMITTEE noted the Chairman's report with approval.

VII. TRANSPORTATION OF BUREAU OF STATISTICS' EQUIPMENT TO ST. JOHN'S

18. MR. MARSHALL reported that the Dominion Bureau of Statistics had been asked by Newfoundland whether it would be possible for the Canadian Bureau to assist in the completing of Newfoundland's 1945 census. In view of the fact that the establishment in Newfoundland of many federal departments and agencies was largely dependent on the availability of statistics arising out of the 1945 census, it was essential that this work should be completed as soon as possible. With this in mind, the Dominion Statistician proposed to send certain photographic equipment to St. John's in the near future. Presumably, this equipment could be sent in custody of the Canadian High Commissioner.

19. THE COMMITTEE, after discussion, agreed that it was essential that the Dominion Bureau of Statistics should lend every assistance to Newfoundland officials in this respect but that the equipment referred to by Mr. Marshall should not be shipped to St. John's until the Chairman of the sub-committee had taken the matter up with the steering committee.

1080. 10202-A-40

Extraits du procès-verbal d'une réunion du sous-comité de direction, le Comité interministériel sur Terre-Neuve

Extracts from Minutes of a Meeting of the Steering Sub-Committee, Interdepartmental Committee on Newfoundland

SECRET

MINUTES OF A MEETING OF THE STEERING COMMITTEE HELD IN ROOM 123, EAST BLOCK, ON THURSDAY, SEPTEMBER 23RD, 1948, AT 2:30 P.M.

Present:

Mr. R.A. MacKay (Chairman)	External Affairs
Mr. Walter E. Harris	Parliamentary Assistant to the Secretary of State for External Affairs
Mr. S.R.N. Hodgins	Agriculture
Mr. J. Howes	Bank of Canada
Mr. J.E. Coyne	
Mr. I.C. Pollack	External Affairs
Mr. H.R. Horne	
Mr. A.B. Hockin	Finance
Mr. Stewart Bates	Fisheries

Mr. C. Stein	Justice
Mr. Alex Skelton	Trade and Commerce
Mr. Norman Wilson	Transport
Mr. Paul Pelletier (Secretary)	Privy Council Office

I. WELCOME TO MR. HARRIS

1. THE CHAIRMAN welcomed Mr. W. E. Harris, Parliamentary Assistant to the Secretary of State for External Affairs, and introduced him to the steering committee members. Mr. Harris had been asked by the Minister to act as Liaison Officer between the Cabinet Committee and the steering committee and in this latter capacity he would attend many steering committee meetings.

. . .

V. PREPARATION OF INFORMATION FOR THE CABINET COMMITTEE ON NEWFOUNDLAND

12. THE CHAIRMAN said that prior to the arrival of the Newfoundland delegation the steering committee should prepare for the Cabinet Committee's information a report on what had been done to date and also on some of the questions which were likely to be raised by the Newfoundland delegation.[249]

It had been suggested that the main body of the report to the Cabinet Committee might consist in a brief outline of the interdepartmental and other machinery which had been set up and the work which had been done up to the present time. Attached to the report would be five memoranda prepared by the five sub-committees respecting questions of finance, fisheries, law and procedure, administrative services and transportation and communications.

(Secretary's note of September 20, ICN Document No. 6)[†]

13. THE SECRETARY reported that the Cabinet Committee on Newfoundland would probably meet on Thursday or Friday of the following week (September 30th or October 1st) and that it would be desirable that the steering committee's report and attached memoranda should be forwarded to the Cabinet Committee prior to the meeting.

14. MR. HOCKIN said that the Sub-committee on Finance and Economic Policy would probably not be prepared to submit firm recommendations in the short time at their disposal but that a progress report outlining some of the more obvious financial difficulties and possible solutions could be prepared for submission to the Cabinet Committee.

15. MR. BATES said that the sub-committee on Fisheries had not yet been in a position to meet but that the department was well aware of many of the fisheries problems that would be raised by the Newfoundland delegation and that a preliminary report could be produced by the Fisheries sub-committee for the Cabinet Committee's information.

16. MR. STEIN said that, in his capacity as Chairman of the Legal sub-committee, he had written to deputy heads of departments requesting information on the various statutes administered by each department which would require to be amended in order that their application might be extended to Newfoundland.

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[249] Voir le document 740.

[249] See Document 740.

The letter also enquired as to the desirability or necessity of postponing operation of certain statutes in Newfoundland for a certain period of time following union. The Legal sub-committee's report for the Cabinet committee might consist in three main parts

(a) memorandum on the possible forms of provisional government,

(b) memorandum on the possible alternatives for effecting union, and

(c) memorandum relating to the number and nature of amendments required to permit the operation of federal statutes in Newfoundland following union.

17. MR. HOWES stated that the sub-committee on the Organization of Administrative Services could submit a progress report by next week.

18. MR. WILSON said that the sub-committee on Transportation and Communications were now preparing a report which would probably be ready for transmission to the Cabinet Committee on September 28.

19. MR. MACKAY suggested that the steering committee should be afforded the opportunity of reviewing the five reports referred to above and that this could be done at the steering committee's next meeting which might be held on Wednesday, September 29, at 11:30 a.m.

20. THE COMMITTEE, after discussion, agreed that reports as outlined above should be prepared by the sub-committees and reviewed by the steering committee at a meeting to be held on Wednesday, September 29, at 11:30 a.m. It was also agreed that these reports should, wherever possible, outline briefly the arguments on which the terms of union offered Newfoundland last year had been based.

VI. COMPOSITION OF CABINET COMMITTEE

21. MR. BATES said that in view of the importance of fisheries matters in relation to Newfoundland it would be advisable if the Cabinet Committee on Newfoundland were enlarged to include a minister from the Maritimes.

22. MR. HARRIS agreed to take up this suggestion with the Chairman of the Cabinet Committee.

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VIII. SUB-COMMITTEE ON FINANCE AND ECONOMIC POLICY — CHAIRMAN'S REPORT

26. MR. HOCKIN said that he had been asked to submit the report of the sub-committee on Finance and Economic Policy in the Chairman's absence. The sub-committee had met on September 20 and had discussed several important matters.

27. The possibility of import restrictions being evaded had given some concern and the sub-committee had decided that the lack of detailed information rendered the formulation of a definite policy impossible at the moment. Mr. Wilson of the Department of Finance had agreed to discuss the matter with Mr. Taylor of the Emergency Import Control Division and Mr. Howell of the Newfoundland Civil Service and to report back to the sub-committee.

28. The sub-committee had also considered the problem of financial commitments which might be entered into by the Commission of Government prior to

union but would not fall due until after union. The sub-committee had suggested that it might be possible to reach an understanding with the Commission of Government whereby the Canadian government would have an opportunity of approving all such contracts before they were entered into and that this matter should be pursued further in conversations with the Newfoundland Commission of Government.

29. A problem which the sub-committee had considered to be extremely urgent was that of the price of flour exported to Newfoundland prior to union. It had been suggested that the price of flour sold by Canada to Newfoundland be reduced immediately from the present Class II export price to either the British contract price or the domestic price. The cost to be borne by the Canadian government would probably be in the neighbourhood of $300,000 if the British contract price were adopted or $800,000 if the domestic price were adopted. The sub-committee had set out the advantages and disadvantages which such an action would entail. The advantages appear to be as follows:

(a) prices to Newfoundland purchasers of flour would be reduced by 75¢ per cwt. or $2.00 per cwt., depending upon which price was adopted;

(b) such a popular move by the Canadian Government would be regarded in Newfoundland as real evidence that Canada is taking action to implement the decision of the Newfoundland electorate to enter confederation.

On the other hand certain disadvantages were evident:

(a) it is almost certain that Newfoundland merchants who have already imported Canadian flour at the Class II export price will demand a rebate. This has been anticipated in the estimates of cost to the Treasury. The practical difficulties involved in meeting this demand are not inconsiderable and any such rebate might constitute a precedent in connection with inventory losses resulting from changes in the tariff at time of union;

(b) price or mark-up control in Newfoundland would have to be extended to flour to ensure that the consumer will reap the benefit of the lower prices;

(c) the pro-confederates in Newfoundland are looking to the reduction in the price of flour after the date of union to provide them with tangible proof of the benefits of confederation. If action were taken now, it might be regarded, not as one of the fruits of union, but as a capitulation to year-old pressure for trade concessions by Canada to compensate Newfoundland for the so-called "one-sided" nature of trade between the two countries.

It was pointed out that a speedy decision was necessary in order to enable Newfoundland importers to arrange for sufficient supplies to carry the country through the winter. The rumour that a drop in the price of flour is imminent was already reported to be causing unsettlement and delaying purchases.

(Report on Flour Exports to Newfoundland, dated September 22, 1948, by the sub-committee on Finance and Economic Policy)[†]

30. The sub-committee had also considered other questions such as the facilitating of the change-over in Newfoundland with respect to the mode of payment of income and corporation taxes, and a suggestion that the Canadian government

might consider removing the tariff on pickled-beef and pickled-pork which items constituted an important part of the average fisherman's diet in Newfoundland.

31. MR. SKELTON said that with reference to the sub-committee's report on the price of flour exports to Newfoundland, it would seem that there were four possible courses of action. The first would be to leave the present price untouched and offer no rebate on inventory losses at the date of union. The second course would be to leave the present price untouched but to guarantee a rebate on inventory losses incurred by merchants at the date of union. The third alternative would be to put the British contract price into effect immediately. The last course would be to adopt the domestic price immediately, which would mean in effect that flour exports to Newfoundland would have to be subsidized. Of the four alternatives he felt that the second would be the most desirable except that the guaranteeing of a rebate on inventory losses in the case of flour would establish a dangerous precedent. On the other hand, if the consumers in Newfoundland's outports were to suffer through a shortage of flour during the winter it might be preferable to establish the precedent and guarantee a rebate on inventory losses.

32. MR. COYNE and MR. POLLACK felt that perhaps the danger of a shortage of flour in Newfoundland during the winter months had been exaggerated and that in any event the Commission of Government could be notified informally that the Canadian government did not contemplate altering the price of flour exports before union and that, in turn, the Commission of Government could pass on this information to the five or six large importers in St. John's.

33. MR. HARRIS expressed the opinion that from a political point of view, it would be highly undesirable to publicize the fact in Newfoundland that the Canadian government would do nothing to counteract a possible shortage of flour on the island.

34. MR. MACKAY said that he appreciated the necessity of coming to some decision rapidly but added that in his opinion no decision could be reached until authoritative figures were available on the flow of flour to Newfoundland at the present time and in the immediate future.

35. THE COMMITTEE, after considerable discussion, agreed,

(a) that the possibility of an arrangement whereby the Canadian government would be given the opportunity of approving financial commitments entered into by the Commission of Government prior to union and extending beyond the date of union should be discussed further with officials accompanying the Newfoundland delegation to Ottawa; and

(b) that the sub-committee on Finance and Economic Policy and Mr. Skelton should, in consultation with the Wheat Division of the Department of Trade and Commerce and the Trade Commissioner in St. John's, ascertain the factual situation with respect to the movement of flour to Newfoundland at the present time and during the next few months and report to the steering committee at the next meeting.

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XVII. VISITS OF OFFICIALS TO AND FROM NEWFOUNDLAND

52. THE CHAIRMAN reported that in a letter of September 23, 1948,† Mr. Bates had suggested that it would be extremely useful if Mr. Gushue of the Newfoundland Fisheries Board and Mr. Carter of the Newfoundland Department of Natural Resources could be invited to Ottawa, prior to the arrival of the official delegation, in order that several problems of an administrative nature might be clarified.

53. MR. HOWES reported that the Dominion Bureau of Statistics had enquired as to the possibility of inviting the Director of Vital Statistics in Newfoundland to come to Ottawa towards the end of October to attend a conference of provincial officials in the vital statistics field, which was being convened by the Dominion Bureau of Statistics.

54. MR. WILSON enquired whether it would be possible for Mr. S. W. Fairweather and Mr. S. F. Dingle of the Canadian National Railways to proceed to Newfoundland during the first week in October to confer with officials of the Newfoundland railway system.

55. MR. SKELTON stated that Mr. Gill, Director of the Standards Division of Trade and Commerce, wished to send someone to Newfoundland in the near future with reference to the application of the Weights and Measures administration in Newfoundland.

56. THE COMMITTEE, after discussion, agreed that the sub-committee on the Organization of Administrative Services be entrusted with the responsibility of coordinating all visits of officials to and from Newfoundland.

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1081. 10202-40

Rapport du sous-comité sur l'organisation des services administratifs, le Comité interministériel sur Terre-Neuve

Report by Sub-Committee on the Organization of Administrative Services, Interdepartmental Committee on Newfoundland

Ottawa, September 28, 1948

At the present time, there are three main questions with which the sub-committee has been particularly concerned. These questions are: 1. *The correlating of preliminary economic and other surveys*

It became immediately apparent that many government departments such as the Department of National Health and Welfare, the Unemployment Insurance Commission, the Department of Labour, etc. could not establish their respective services in Newfoundland without a considerable amount of information, mainly statistical, which is lacking at the present time. The sub-committee endeavours to co-ordinate the activities of the various government departments in this field and ensure that the necessary surveys, economic and otherwise, are made and at the same time that there is no duplication in individual efforts.

Much of the work to be done in this connection will devolve upon the Dominion Bureau of Statistics. Recently a request was received from Newfoundland enquiring whether the Bureau could assist in the completing of Newfoundland's 1945 census. In view of the fact that the establishment in Newfoundland of many federal departments and agencies is largely dependent on the availability of statistics arising out of the 1945 census, it was agreed that the Dominion Bureau of Statistics should lend every assistance in this connection.

A system has also been devised whereby a certain number of Canadian officials visit St. John's and Newfoundland officials come to Ottawa. These consultations at the official level are meant to facilitate the gathering of information on questions of an administrative nature. All officials have been warned against entering into any discussions on policy matters in order that the decisions to be reached by the Canadian Government and the Newfoundland delegation might not be jeopardized.

2. *Personnel establishments in Newfoundland*

The sub-committee is well aware of the numerous difficulties that will be encountered in the taking over by the federal government of certain existing departments in Newfoundland and the extending of entirely new federal services to the island.

It would appear from the terms of union offered Newfoundland last fall, that the Canadian government proposes taking over all personnel employed in Newfoundland in those services which will be administered by the Dominion government following union. This aspect of the change-over will be relatively straightforward. The task of providing sufficient numbers of competent personnel to ensure the smooth functioning of new federal services in Newfoundland by March 31st will be much more difficult. In order to achieve this end, the Civil Service Commission felt that recruiting and training of personnel would have to begin early in 1949.

In order to avoid confusion and maintain the highest degree of coordination between all government departments and agencies insofar as personnel establishments in Newfoundland are concerned, the sub-committee at the present time is gathering detailed information respecting present departmental establishments in Newfoundland and also concerning the eventual personnel requirements of all government departments and agencies on the island following union.

3. *Office accommodation*

The amount of office accommodation presently available in St. John's is extremely limited. The Department of Public Works has already initiated a survey of the office space which will be required by the various government departments and agencies in St. John's and elsewhere. Public Works officials are proceeding to St. John's to obtain first-hand information on available office space.

As an interim measure, the Canadian High Commissioner at St. John's is proceeding with the leasing of an 18-room building known as the Stott Building on Water Street in St. John's.

A Canadian information centre, the offices of the High Commissioner and the offices of the Trade Commissioner will be set up in the Stott Building as soon as

possible. Any remaining available space in the building will be at the disposal of departments urgently requiring temporary office accommodation prior to the date of union.

1082. 10287-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

TELEGRAM 188 Ottawa, September 28, 1948

Mr. W. P. Harrell, Assistant Deputy Minister of Public Works, accompanied by two officials of his Department, would like to visit Newfoundland shortly to examine the responsibilities of their Department with respect to Newfoundland and especially to enquire about office space for departments which will be setting up establishments there after union. He suggests leaving here October 12th. He will want to meet Mr. Manning and other officials. Please enquire whether this visit would be convenient.

You might suggest to the Newfoundland authorities that it would greatly facilitate Mr. Harrell's visit if they could give consideration in advance to the space or buildings that might be released to the Canadian Government corresponding to the services which will be taken over. Mr. Harrell would also want information on such matters as public harbours, wharves, breakwaters, and aids to navigation.

If the above date is convenient, please reserve three rooms at Newfoundland Hotel.

1083. 17Ds

Extraits du procès-verbal d'une réunion du Comité des chefs d'état-major

Extracts from Minutes of a Meeting of Chiefs of Staff Committee

TOP SECRET

MINUTES OF THE 431ST MEETING HELD AT 1030 HOURS, TUESDAY, SEPTEMBER 28TH, 1948

Present:

The Chief of the General Staff (Lieutenant-General Foulkes), Chairman

The Chief of the Air Staff (Air Marshal Curtis)

The Vice-Chief of the Naval Staff (Rear-Admiral Houghton)

The Chairman, Defence Research Board, (Dr. Solandt)

Also present:

Members of Joint Planning Committee
Brigadier G. Kitching (Chairman)

Commodore H.N. Lay

Air Commodore H.B. Godwin

Major R.F. Walker (Secretary)

Member of Joint Planning Staff
Lieutenant-Colonel W.S. Murdoch
The Acting Under-Secretary of State for External Affairs (Mr. Reid)

The Secretary to the Cabinet (Mr. Heeney)

for discussion of items recorded in paras. 2-16.
The Secretary of the Chiefs of Staff Committee (Group Captain Bean)

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COMMUNICATIONS — OTTAWA-ST. JOHN'S, NEWFOUNDLAND

2. THE COMMITTEE considered a recommendation of the Joint Communications Committee that teletype communication between Ottawa and St. John's, Newfoundland, be provided by the Royal Canadian Air Force. Buildings, antennae and control circuits were in existence at Torbay, Newfoundland, and little delay was anticipated in establishing the circuit. This proposal arose as a result of a letter from the Under-Secretary of State for External Affairs to the Deputy Minister of National Defence,† asking if the Services planned to institute teletype facilities to St. John's, and if so, whether these facilities could be made available to the Department of External Affairs and other civilian departments of government. It was anticipated that there would be a large volume of government traffic during the next six months.

It was understood that the Department of External Affairs would select the operating room at St. John's and provide the necessary teletype operators at that point for a twelve-hour circuit. It was planned to have the complete circuit in operation by 30th November, 1948.

(Memorandum JCC 3-1 of 22nd September, 1948, from Chairman, Joint Communications Committee — CSC 5-3 of 23rd September)†

3. MR. REID observed that the responsibilities to be undertaken by the Department of External Affairs appeared reasonable.

4. IT WAS AGREED to concur in the provision of a teletype circuit from Ottawa to St. John's, Newfoundland, by the Royal Canadian Air Force on the basis proposed by the Joint Communications Committee.

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1084. PCO-CRF

Mémorandum du Bureau du Conseil privé

Memorandum by Privy Council Office

Ottawa, September 29, 1948

INTERDEPARTMENTAL COMMITTEE ON NEWFOUNDLAND
OUTLINE OF ORGANIZATION[250]

1. Following a Cabinet decision of August 3rd, 1948, the Interdepartmental Committee on Newfoundland was reconvened and enlarged to include representatives from all government departments and agencies concerned with Newfoundland's entry into Confederation. The Interdepartmental Committee was directed to consider and report at an early date on urgent administrative problems of the interim period and matters of procedure and policy relating to union.

The departments represented on the Interdepartmental Committee are the following:

Agriculture
Air Transport Board
Bank of Canada
Canadian Broadcasting Corporation
Canadian Maritime Commission
Canadian Pension Commission
Central Mortgage and Housing Corporation
Civil Service Commission
Dominion Bureau of Statistics
External Affairs
Finance
Fisheries
Insurance
Justice
Labour
Mines and Resources
National Defence
National Health and Welfare
National Revenue (Customs and Excise)
National Revenue (Taxation)
Post Office
Privy Council Office
Public Works
Secretary of State
Trade and Commerce
Transport
Unemployment Insurance Commission
Veterans Affairs

The Chairman, Vice-Chairman and Secretary of the Committee are, respectively, the Under-Secretary of State for External Affairs, Mr. R. A. MacKay, Head of the British Commonwealth Division of External Affairs, and Mr. Paul Pelletier of the Privy Council Office.

2. In view of the fact that such a large committee would probably be unable to discharge effectively the responsibility placed upon it by Cabinet, a small Steering Committee was set up under the Chairmanship of Mr. R. A. MacKay. This Steering Committee comprises representatives of the Bank of Canada, the Department of Finance, the Department of Fisheries, the Department of Justice, the Department of Trade and Commerce, the Department of Transport and the Privy Council Office. The Steering Committee is in effect the executive of the Interdepartmental Committee, the latter being rarely called upon to meet in plenary session.

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[250]Voir aussi la pièce jointe 2, document 740.

[250]See also enclosure 2, Document 740.

3. In addition to the Steering Committee, five sub-committees were established to consider and report on some of the more important aspects of Newfoundland's entry into Confederation. The five Sub-Committees are as follows:

(a) *Finance and Economic Policy* — To advise on economic and financial policy generally before and after union.

(b) *Fisheries* — This sub-committee was established in view of the paramount importance of fisheries in Newfoundland's economy.

(c) *Legal and Procedure* — The duties of this sub-committee are generally to work out the appropriate constitutional procedure for effecting union, advising other departments on legal questions that might arise from time to time in this connection, etc.

(d) *Organization of Administrative Services* — This sub-committee is responsible for the coordination of all matters of an administrative nature such as the gathering of information, coordinating of visits of departmental officials to Newfoundland prior to Union, the correlation of federal personnel establishments in Newfoundland, the provision of necessary office accommodation, etc.

(e) *Transportation and Communications* — This sub-committee concerns itself with all problems relating to railways, steamship services, posts and telegraphs, radio, civil aviation, etc.

The Chairmen of the five sub-committees are:

Finance and Economic Policy — Mr. M.W. Sharp, Department of Finance,

Fisheries — Mr. Stewart Bates, Deputy Minister of Fisheries,

Legal and Procedure — Mr. C. Stein, Assistant Deputy Minister of Justice,

Organization of Administrative Services — Mr. J. Howes, Bank of Canada,

Transportation and Communications — Mr. J.C. Lessard, Deputy Minister of Transport.

1085. 10287-40

Le secrétaire, le Comité interministériel sur Terre-Neuve, au sous-ministre de l'Agriculture[251]

Secretary, Interdepartmental Committee on Newfoundland, to Deputy Minister of Agriculture[251]

Ottawa, October 6, 1948

Dear Sir,

VISITS OF OFFICIALS TO AND FROM NEWFOUNDLAND

You will recall that following a Cabinet decision of August 3rd, 1948, the Interdepartmental Committee on Newfoundland was reconvened and aug-

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[251] Des lettres semblables furent envoyées aux autres sous-ministres et aux responsables d'organismes gouvernementaux.

[251] Similar letters were sent to other Deputy Ministers and to heads of government agencies.

mented to include government departments and agencies more directly concerned with Newfoundland's entry into Confederation.

At the Committee's first meeting held in the Senate Railway Committee Room on August 19, it was agreed amongst other things "that all contacts with the Newfoundland delegation or with the various Newfoundland departments of government should be made through and in consultation with the steering committee." (A steering committee of the Interdepartmental Committee had been set up under the chairmanship of Mr. R. A. MacKay, Head of the British Commonwealth Division of the Department of External Affairs).

It would be greatly appreciated if all government departments and agencies who wish to send officials to Newfoundland or invite Newfoundland officials to come to Ottawa could so inform Mr. J. Howes who is a member of the steering committee and chairman of the sub-committee on the Organization of Administrative Services. Any communications should be addressed to Mr. J. Howes, c/o Department of External Affairs, Room 117, East Block, Ottawa. The telephone number is 9-6574.

It is essential that this procedure should be followed if visits to and from Newfoundland are to be fully coordinated and if the Cabinet Committee on Newfoundland is to be kept fully informed of the work being done.

Your co-operation in this matter will be greatly appreciated.

Yours sincerely,

PAUL PELLETIER

1086. 10302-40

Le président, le sous-comité sur l'organisation des services administratifs, le Comité interministériel sur Terre-Neuve, au sous-ministre du Travail[252]

Chairman, Sub-Committee on Organization of Administrative Services, Interdepartmental Committee on Newfoundland, to Deputy Minister of Labour[252]

CONFIDENTIAL Ottawa, October 6, 1948

In connection with Newfoundland's entry into Confederation which has been tentatively set at March 31st, 1949, it will be appreciated that a great many administrative arrangements must be planned well in advance of union.

For this purpose the sub-committee on the Organization of Administrative Services requires *immediately* the following information:

1. A brief statement of the functions your department or agency expects to carry out *in Newfoundland* immediately following union.

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[252]Des lettres semblables furent envoyées aux autres sous-ministres et aux responsables d'organismes gouvernementaux.

[252]Similar letters were sent to other Deputy Ministers and to heads of government agencies.

2. (a) What total staff do you expect immediately upon union will be required to perform such functions?

(b) Of the total indicated in 2(a) above, how many will be

(i) staff at present employed in Newfoundland departments;

(ii) additional staff.

3. From such information as you may have, what staff in 2(b)(ii) above will be:

(a) in St. John's,

(b) in district offices,

(c) Ottawa?

4. What staff will you require in Newfoundland in advance of the suggested date of union and when and where will such staff be required?

5. What staff should be transferred temporarily from Canada as a nucleus for training and initial organization and approximately when should this transfer take place?

6. What funds will you require to conduct operations relating to Newfoundland for the period ending March 31st, 1949?

. . .

JOSEPH E. HOWES

1087. 10302-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

DESPATCH 243 Ottawa, October 7, 1948

Sir,

I shall be glad if you will obtain from the Newfoundland authorities the following documents:

(a) A copy of the legislation under which government employees receive superannuation or pension benefits, together with any regulations made thereunder;

(b) Copy of any legislation that is comparable in whole or in part to the Canadian Civil Service Act and regulations, or any other Newfoundland legislation which pertains to that subject.

2. In our study of the organization of each department of government in Newfoundland we would be greatly assisted by organization charts. The appropriate committee is able to obtain a good deal of information from the Newfoundland Government Estimates of revenue and expenditure, 1948-49, but before attempting to prepare organization charts we would be grateful if you would enquire of the Newfoundland authorities whether charts already exist. If they do exist, I suggest that photostats of them be arranged by your office.

3. The use of photostating might also be extended to help with a matter that is of particular concern to the Civil Service Commission, namely the names, present classification, salary rate with minimum and maximum wages and rates of increase. We shall have to fit these persons into their respective divisions or branches, perhaps from the estimates. It occurs to us that the Payroll Division of the Department of Finance would be able to allow you to arrange for the photostating of their lists. If photostating is not possible, I do not think you should carry the matter any further for the time being.

4. At some period in the near future it may be necessary to know the dates since which the service of each person has been continuous. I shall be glad if you will simply assess the problem and let us know what this particular task would mean for your office and the Newfoundland authorities concerned.

I have etc.

[R. A. MacKay]
for the Secretary of State
for External Affairs

1088. 10287-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire par intérim à Terre-Neuve

Secretary of State for External Affairs to Acting High Commissioner in Newfoundland

Telegram 211 Ottawa, October 9, 1948

R. B. Curry, National Director, Family Allowances and P. H. Stehelin, Regional Director of Family Allowances, Halifax, wish to be in St. John's October 18 for a week or ten days. Purpose is to meet officials, particularly Education, Health and Welfare and Post Office, and make preliminary plans for initial Family Allowances registration. Reservations made at Newfoundland Hotel.

2. Will Dr. H. E. Pottle and H. W. Quentin be in St. John's at that time?

3. I hope to send you a list of topics for discussion.

1089. 10287-40

Le président, le sous-comité sur l'organisation des services administratifs, le Comité interministériel sur Terre-Neuve, au directeur national des allocations familiales, le ministère de la Santé nationale et du Bien-être social

Chairman, Sub-Committee on Organization of Administrative Services, Interdepartmental Committee on Newfoundland, to National Director of Family Allowances, Department of National Health and Welfare

Ottawa, October 9, 1948

Dear Mr. Curry,

On reading a copy of your letter of October 6† that you sent to me today with your letter of October 8† regarding your proposed visit to Newfoundland, I notice that you had thought of making some contacts with private welfare agencies in Newfoundland. As you probably know those agencies that are under the aegis of the various churches present a rather delicate problem, particularly since the churches are jealous of their own position in this field. I wonder if it would meet your requirements satisfactorily if in enquiring into the field covered by religious bodies you confined your enquiries to the government agency concerned. This consideration would not, of course, apply to welfare agencies such as the one operating under Rotary auspices.

2. If it is possible for you to draw up a list of specific questions that you would like to raise with the Newfoundland Government authorities I shall be glad to have it forwarded to the office of the Canadian High Commissioner in St. John's. Our experience has been that a good deal of time can be saved if the High Commissioner's office can see and discuss such a list before the Canadian officials concerned arrive.

3. I shall, of course, let you know immediately when the reply comes from St. John's about the availability of the persons concerned in Newfoundland during the week of October 18.

Yours sincerely,

JOSEPH E. HOWES

1090. 10202-A-40

Extraits du procès-verbal d'une réunion du sous-comité sur l'organisation des services administratifs, le Comité interministériel sur Terre-Neuve

Extracts from Minutes of a Meeting of the Sub-Committee on Organization of Administrative Services, Interdepartmental Committee on Newfoundland

SECRET

MINUTES OF A MEETING OF THE SUB-COMMITTEE ON THE ORGANIZATION OF ADMINISTRATIVE SERVICES HELD IN ROOM 123, EAST BLOCK, ON SATURDAY, OCTOBER 23RD, 1948, AT 10:30 A.M.

Present:

Mr. J. Howes (Chairman)	
Mr. G.T. Jackson	Bank of Canada
Dr. O.E. Ault	
Mr. M.D. Fidler	Civil Service Commission
Mr. J.T. Marshall	Comptroller of the Treasury's Office
Mr. W.P. Harre	Dominion Bureau of Statistics

Mr. J.A. Heisler	Public Works
Dr. E.P. LaBerge	Unemployment Insurance Commission
Dr. C. Isbister	Trade and Commerce
Mr. P.B. Cross	Veterans Affairs
Mr. R.A. MacKay	External Affairs
Mr. G.S. Murray	
Mr. H.R. Horne	

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II. VISITS TO AND FROM NEWFOUNDLAND

2. THE CHAIRMAN tabled a report† of visits by Federal officials to Newfoundland and by Newfoundland officials to Ottawa. He noted the importance to the Sub-committee's activities of reports being submitted by the Federal departments concerned. DR. AULT suggested that in these reports there should be clear divisions for office space and personnel matters. MR. MARSHALL was very glad to report that the discussions with Mr. Charles Tobin, head of the Newfoundland Vital Statistics Division and Mr. Harris, Newfoundland Director of Statistics, had been highly beneficial to all parties. MR. MACKAY added that Newfoundland officials with whom he had spoken in Ottawa had all mentioned to him their pleasure at the way they had been received in Federal departments in Ottawa. DR. AULT suggested that the appreciation of the Canadian Government of the cordial reception of Federal officials be expressed to the Newfoundland Government.

III. REPLIES TO SUB-COMMITTEE'S QUESTIONNAIRE OF OCTOBER 6, 1948

3. THE CHAIRMAN tabled a summary† of the replies received to date from the departments to the circular questionnaire of October 6,[253] regarding personnel requirements before and at union and pre-union financial needs. THE SUB-COMMITTEE agreed that these returns be referred for examination in detail to the representatives on the Sub-committee of the Civil Service Commission, the Comptroller of the Treasury and the Treasury Board.

IV. REPORT OF VISIT BY MR. W.P. HARRELL

4. MR. W. P. HARRELL, Assistant Deputy Minister of Public Works, read a report on his recent visit to St. John's during which he examined the various buildings that might be used to house Federal services. He stated that the space available at Buckmaster's Field would be satisfactory and ample to meet the needs of Federal departments and agencies during the pre-confederation period and for a short time thereafter. He expressed the opinion that satisfactory arrangements could be made with regard to space that after union would be jointly occupied by Federal and provincial staffs.

V. REPORT OF DEPARTMENT OF VETERANS AFFAIRS

5. MR. P. B. CROSS was present at the meeting in order to present and discuss his report† and the report† of Dr. E. A. Fergusson on their recent visit to Newfoundland, copies of which had been sent to members of the Sub-committee. He informed Dr. Ault that a high proportion of Newfoundland veterans would qual-

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[253]Voir le document 1086.

[253]See Document 1086.

ify for the overseas preference. In reply to a question from the Chairman, Mr. Cross stated that the Department of Veterans Affairs would not, at the outset, operate a veterans' hospital but would arrange with existing hospitals to hospitalize veterans on a *per diem* basis.

VI. INITIAL REGISTRATION IN NEWFOUNDLAND FOR FAMILY ALLOWANCES

6. THE CHAIRMAN put to the meeting the question raised by the Director of Family Allowances in his letter of October 14.[†] The present plans of the Family Allowances Division contemplate beginning the initial registration for Family Allowances in Newfoundland some time in November — possibly by the 15th. DR. LABERGE also stated that the Unemployment Insurance Commission will need to make some kind of announcement to Newfoundland employers before union. MR. JACKSON noted that such pre-union postings of staff to Newfoundland have two aspects, namely, the need for authority to send staff to Newfoundland from Canada, and the need for authority to pay staff locally recruited. THE CHAIRMAN referred also to the request of the Immigration Branch for authority to bring to Canada before union a number of Newfoundland officials who are expected to be taken into the Immigration Branch at union. THE SUB-COMMITTEE, after discussion agreed (1) that the question raised by the Director of Family Allowances be referred to the Steering Committee for direction as to whether he might proceed in accordance with his timetable; (2) that Mr. Fidler enquire concerning the period during which expenses might be paid in respect of pre-union postings and visits of Federal officials to Newfoundland; (3) that a letter be sent on behalf of the Sub-committee to the Treasury Board asking what procedure was necessary in order to enable a department to pay the following: (a) The expenses of Newfoundland officials coming to Canada before union at the invitation of Federal departments; (b) Salaries of staff recruited in Newfoundland before union.

VII. VISIT OF UNEMPLOYMENT INSURANCE REPRESENTATIVES TO NEWFOUNDLAND

7. DR. LABERGE of the Unemployment Insurance Commission made a report on his recent visit to Newfoundland, a copy of which will be circulated.[†] It was agreed that he should be put in touch with the Newfoundland Secretary of Posts and Telegraphs, Mr. Roddis, in order to discuss the use of the Newfoundland postal services for the distribution and sale of Insurance stamps before union.

VIII. ABSORPTION OF NEWFOUNDLAND OFFICIALS INTO FEDERAL SERVICES

8. MR. JACKSON enquired when and by whom a decision is going to be made regarding separation of existing Newfoundland services into Federal and provincial services. The Sub-committee thought that this position could only become clear when the decisions of policy have been made. Mr. Jackson also stated the problem that arises from the fact that a number of Newfoundland officials who enter the Canadian Civil Service at much the same rate as their present salaries will lose by reason of Canadian superannuation and Income Tax deductions. Many Newfoundland officials now receive correspondingly lower salaries, but the Newfoundland pension system which requires no contributions is as beneficial as

the Canadian system. THE SUB-COMMITTEE, after discussion, agreed that the representatives on the Sub-Committee of the Civil Service Commission and the Office of the Comptroller of the Treasury should together prepare recommendations for the consideration of the Sub-committee for submission to the Steering Committee.

IX. 9. DR. ISBISTER informed the meeting that representatives of the Newfoundland Board of Trade had met with the Department of Trade and Commerce and agreed upon a survey to be made shortly at the request of the Board of Trade by representatives of the Department of Trade and Commerce of the possibilities of development of local industries in Newfoundland after union. (See Part V, minutes of meeting of Cabinet Committee and Newfoundland Delegation on Tuesday, October 19).[254]

1091. PCO-CRF

Mémorandum du sous-comité de direction, le Comité interministériel sur Terre-Neuve, au Comité du Cabinet sur Terre-Neuve

Memorandum from Steering Sub-Committee, Interdepartmental Committee on Newfoundland, to Cabinet Committee on Newfoundland

Ottawa, October 26, 1948

It has become apparent that certain departments or agencies will find it necessary to establish more or less permanent staffs or offices in Newfoundland at an early date if these departments or agencies are to begin to operate in Newfoundland immediately after union. The Family Allowances Division of the Department of National Health and Welfare is a case in point, since registration of children for Family Allowances will be required well in advance of union. The Family Allowances Division advise that they should begin operations in Newfoundland before the end of November. The Civil Service Commission will also need to make arrangements at an early date for holding competitions in Newfoundland for Civil Service posts in new services to be established there. Arrangements will have to be made by other departments for training staffs in services taken over (e.g. Customs).

The Steering Sub-Committee of the Interdepartmental Committee feel that it might be undesirable to establish permanent staffs or offices of governmental departments in Newfoundland before there is reasonable certainty that negotiations presently under way with the Newfoundland delegation will be successfully completed. There would appear to be similar objections to proceeding now with training of staffs in services to be taken over. The Steering Sub-Committee however suggests:

(a) that departments or agencies which will find it necessary to establish offices or staff in Newfoundland before union should be now authorized to make

[254]Voir le document 751. Voir aussi les documents 1049 et 1050.

[254]See Document 751. See also Documents 1049 and 1050.

the necessary plans, so that action can be taken promptly when the situation warrants;

(b) that departments or agencies which will wish to train staffs taken over should also be authorized now to proceed with plans for training; and

(c) that the Chairman of the Cabinet Committee, in consultation with the Acting Prime Minister, might be empowered to authorize such departments or agencies to proceed with establishing offices or staffs in Newfoundland, or with training, as the case may be, when negotiations with the Newfoundland delegation are sufficiently advanced to warrant such action.

1092. 2828-B-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 317 St. John's, October 27, 1948

Your telegram No. 226 of October 22nd.† Four copies of Newfoundland Civil Service Act of December, 1947, and regulations made thereunder sent to you by air bag today.

1093. 10287-40

Secrétaire d'État par intérim aux Affaires extérieures au haut commissaire par intérim à Terre-Neuve

Acting Secretary of State for External Affairs to Acting High Commissioner in Newfoundland

DESPATCH 270 Ottawa, November 3, 1948

SECRET

Sir,

In your letter of October 5 to Mr. MacKay† you urged that the Department of National Health and Welfare should investigate at an early date arrangements in Newfoundland for the payment of Family Allowances and Old Age Pensions.

2. As we have since mentioned to you, the Old Age Pensions will inevitably be delayed owing to the need for a Dominion-Provincial agreement.

3. The Dominion Bureau of Statistics are, however, fully prepared now to ship to Newfoundland a microfilm camera and microfilm reader that will require to be installed under the terms of the usual Vital Statistics agreement. This equipment is, of course, essential to the Family Allowances arrangements and there is considerable anxiety here that we should get started as soon as possible. For your own information, the Cabinet Committee decided last week that the actual estab-

lishment of offices in Newfoundland should not be authorized until the present negotiations have reached a stage where such establishments would be reasonably justified. This decision does not prevent us from proceeding with the plans to create these establishments nor would it preclude us from sending the microfilm equipment to Newfoundland *provided* a request came for it from the Newfoundland Government.

4. It might therefore be possible for you to mention the matter informally to the Commissioner of Health and Welfare. You might say to him that we are ready and willing to send this equipment and that the time factor seems to require this step at the earliest suitable date.

I have etc.

R. A. MACKAY
for the Acting Secretary of
State for External Affairs

1094. 10287-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 347 St. John's, November 9, 1948

Your telegram No. 261 of November 9th,[†] second paragraph regarding proposed visit of G. P. O'Keefe of Civil Service Commission.

The Commissioner for Finance who is responsible for the administrative aspect of Civil Service matters suggests that you consult Walter Marshall who is the closest Newfoundland counterpart to the Secretary of the Civil Service Commission. The Commissioner will be glad to receive O'Keefe and put him in touch with the appropriate officials here if Marshall thinks this best.[255] The Commissioner points out that Marshall has nothing directly to do with employees of the air services or of the railway.

The information requested in your despatch No. 243 of October 7th and referred to in your despatch No. 261 of October 25th[†] will in large part go forward by air tomorrow.

1095. 2828-B-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

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[255] La visite de M. O'Keefe fut différée.

[255] The visit by Mr. O'Keefe was postponed.

DESPATCH 805

St. John's, November 10, 1948

Sir,

I have the honour to refer to your despatch No. 261 of October 25,† and earlier correspondence regarding the Civil Service establishments of the Newfoundland Government.

2. With reference to the information referred to in parts (a) and (b) of the first paragraph of your despatch No. 243 of October 7, I enclose a copy of the Civil Service Act of 1947.† This Act covers the pension questions to which you refer in part (a) and the general conditions of service referred to in part (b).

3. I also enclose copies† of the following regulations which have been made under the Civil Service Act:

Leave Regulations (Section 17)

Civil Service Injury Regulations (Sec. 26).

4. The following regulations have also been approved recently and will be gazetted shortly:

Section 18(1) — discipline

Section 32 — allocation of pension

Section 42(4) — gratuities payable to a civil servant who retires before reaching retirement age.

5. In addition, overtime conditions under Section 15(b) have been prescribed by Treasury Circular No. 195 of which I enclose a copy.†

6. It is assumed that the enquiries made in the second and third paragraphs of your despatch relate to the departments which are likely to become Federal services under Confederation. I am informed that organization charts are not available but the Commissioner for Finance is circularizing the interested departments with a request that I be given facilities for making photostat copies of any up-to-date charts which may be in existence.

7. With reference to your third paragraph the Commissioner for Finance informs me that Messrs. Howell, Roddis and Allen, the departmental heads of the departments for which he is responsible, are now in Ottawa and have with them lists giving precisely the information desired. The Commissioner suggests, therefore, that the Civil Service Commission be advised to get in touch with the departmental heads named.

8. The Commissioner for Finance says that it may be that similar information in respect of other Federal services is in the possession of members of other departments now in Ottawa. On this point, however, the Commissioner is circularizing Government departments in order that any gaps in the available information may be filled.

9. I enclose a specimen copy† of part of the Department of Finance payroll which, as you will see, does not provide all the information required.

10. With reference to the last paragraph of your despatch under reference, I have been supplied with the following statement by the Commissioner of Finance on the assumption that your enquiry applies only to civil servants employed in departments which are likely to become a Federal responsibility after union.

"The information required could be supplied by the Departments concerned, but it would involve a certain amount of labour in extracting the particulars from the record of service of each individual. If the information is required for calculation of the possible pension liability in respect of persons now serving, I think that in view of the legal position some further particulars might be required in many cases. Under Section 28(e) of the Civil Service Act, 1947, service prior to resignation in case of re-employment is not pensionable unless the Governor in Commission otherwise directs at the time of re-employment; but this provision applies only in cases of re-employment subsequent to the date of passing of the Act, namely, 18th December, 1947. Sub-Section 6(2) of the Civil Service Act, 1926, provided that if service was not continuous, the periods of interruption should not be counted, and this has always been held to allow broken periods of service to reckon for pension. It follows that, despite the provisions of Section 28(e) of the 1947 Act, there are many people now in the service who on retirement will be allowed to reckon broken service. If the request which you have in mind were to cover the total pension liability in respect of such cases, the amount of labour involved in preparing the return would be correspondingly increased."

I have etc.

PAUL A. BRIDLE

1096. 10202-A-40

Extraits du procès-verbal d'une réunion du sous-comité sur l'organisation des services administratifs, le Comité interministériel sur Terre-Neuve

Extracts from Minutes of a Meeting of the Sub-Committee on Organization of Administrative Services, Interdepartmental Committee on Newfoundland

SECRET

MINUTES OF A MEETING OF THE SUB-COMMITTEE ON ORGANIZATION OF ADMINISTRATIVE SERVICES, ON SATURDAY, NOVEMBER 20TH, 1948, AT 10:30 A.M.

Present:

Mr. J.E. Howes (Chairman)	Bank of Canada
Mr. G.T. Jackson	Civil Service Commission
Mr. G.P. O'Keefe	
Mr. C.J. Mackenzie	Treasury Board
Mr. M.D. Fidler	Office of Comptroller of the Treasury
Mr. J.T. Marshall	Dominion Bureau of Statistics
Mr. W.P. Harrell	Public Works
Mr. J.A. Heisler	
Mr. P.B. Cross	Veterans Affairs
Mr. R.B. Curry	National Health & Welfare
Mr. H.R. Horne (Secretary)	External Affairs
Mr. G.S. Murray	

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II. VISITS AND TRANSFERS TO AND FROM NEWFOUNDLAND

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5. MR. CROSS gave his opinion of the availability of accommodation in St. John's. MR. CURRY agreed that Canadian officials going there for more than one month would find it almost impossible to find an alternative to a hotel within the month. THE CHAIRMAN noted that the total number of Canadian officials seeking rooms would rise to about 100 before union. THE SUB-COMMITTEE agreed that the establishment of a Canadian Government hostel be recommended only as a last resort and that Mr. Jackson should, during his visit to St. John's in December, enquire into the kinds, cost and availability of rooms in consultation with the Canadian High Commissioner in St. John's.

1097. 10287-40

Le secrétaire d'État par intérim aux Affaires extérieures au haut commissaire à Terre-Neuve

Acting Secretary of State for External Affairs to High Commissioner in Newfoundland

TELEGRAM 284 Ottawa, November 23, 1948

Civil Service Commission propose to send to St. John's December 1, G. T. Jackson, Director of Organization and Classification and G. P. O'Keefe to discuss Civil Service details with senior officials of the various Newfoundland departments. Since the necessary contacts will be discussed with you on arrival we cannot ask you to confirm suitability from point of view of Newfoundland authorities. Jackson has arranged to meet W. M. Marshall and has in mind also Heads of Divisions that are expected to become entirely or partly Federal Services.

1098. 8114-40

Le secrétaire d'État par intérim aux Affaires extérieures au haut commissaire à Terre-Neuve

Acting Secretary of State for External Affairs to High Commissioner in Newfoundland

DESPATCH 290 Ottawa, November 23, 1948

Sir,

I have the honour to refer to your Despatch No. 680 of October 23rd, 1948,† in which you provided information about the population of Newfoundland for the Department of National Health and Welfare.

2. In our previous correspondence regarding the 1945 Census it was arranged that the Dominion Bureau of Statistics should help the Newfoundland authorities to prepare the Census. I am enclosing three copies of the Bureau's compila-

tion.† This bulletin has just been published. With your despatch under reference you enclosed a copy of the compilation of the Newfoundland authorities. The Bureau have compared it with their own and have noted a number of discrepancies, some of them being in terms of thousands.

3. The Bureau, having acted merely as the agent of the Newfoundland authorities in this matter, have asked us to supply copies of their bulletin to the Newfoundland Government. They take the view that the Newfoundland compilation should be used here only as one source of information in revising their own bulletin. I should emphasize that the latter is tentative and will shortly be revised.

4. The Bureau's tabulation does not purport to be final or more authoritative than that of Newfoundland authorities. The Bureau will, in due course, produce a more accurate bulletin than their present one, but the revision may or may not be nearer to the Newfoundland figures. I think you will find that Mr. Harris, the Statistical Officer, understands this situation since he discussed it with the Bureau while he was in Ottawa recently. Please inquire how many copies of the Bureau's bulletin are required.

I have etc.

R. A. MacKay

for the Acting Secretary of State
for External Affairs

1099. 10302-40

Le président, le sous-comité sur l'organisation des services administratifs, le Comité interministériel sur Terre-Neuve, au directeur de l'organisation et de la classification, la Commission de la Fonction publique

Chairman, Sub-Committee on Organization of Administrative Services, Interdepartmental Committee on Newfoundland, to Director of Organization and Classification, Civil Service Commission

Ottawa, November 30, 1948

Dear Mr. Jackson,

ACCOMMODATION FOR CANADIAN OFFICIALS
TEMPORARILY POSTED TO NEWFOUNDLAND

With reference to your conversation of November 29th with Mr. Murray, I am pleased to give you the following figures with respect to Canadian personnel who will be visiting Newfoundland for training purposes either before or after Union:

Month	*Number of Persons*	*Remarks*
December	16	These are the Family Allowance and Treasury personnel who planned to go down this month and to return to Canada about December 20th.
January	12 to 15	Unemployment Insurance personnel bringing the total to roughly 30.

February	11	This includes 9 D.V.A.[256] and 2, W.P.T.B.[257] The latter will be returning to Canada within three weeks. Total, 42.
March	30	This includes 2 more D.V.A.; 6 Mines and Resources; and 12 Customs, who will gradually be increasing this number to 25; 2 Labour; 5 Transport (Radio Division) and 3 National Health and Welfare.
April	30	This number which brings the total to roughly 100 should represent the peak of Canadian visitors.

As regards female personnel, it would appear that most of the Departments intend to make use of local stenographers, but an estimate of a maximum of ten female employees probably covers the situation.

You will appreciate that these are only rough figures based on such replies to our questionnaire as have been received, but I think that they will give you some idea of the accommodation required during the periods covered.

Yours sincerely,

G. S. M[URRAY]

for Chairman, Sub-Committee on Organization of Administrative Services

1100. 6319-40

Secrétaire d'État par intérim aux Affaires extérieures au haut commissaire par intérim à Terre-Neuve

Acting Secretary of State for External Affairs to Acting High Commissioner in Newfoundland

TELEGRAM 298 Ottawa, December 3, 1948

SECRET. Family Allowances.

R. B. Curry is expected to arrive St. John's December 5 or 6 to make ready for a factual broadcast on family allowances and to begin registration.

2. No repeat no overt steps are to be taken before agreement on the terms of union is publicly announced in Newfoundland and Canada. Curry will await word from us through you that he may broadcast and register.

3. The second condition is clearance with appropriate Newfoundland authorities of both plans. You will be able to discuss in detail with Curry first and if in doubt about text of broadcast consult us.

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[256] Department of Veterans Affairs.

[257] Wartime Prices and Trade Board.

4. Since we have not yet discussed with Newfoundland authorities synchronization of public announcements about agreement on terms you can explain orally that that will be done in good time but that family allowance arrangements require us to proceed at once as above.

5. You may advise the Governor that expected date of signature of agreement is now December 7 or 8.

1101. 10302-40

Le président, le sous-comité sur l'organisation des services administratifs, le Comité interministériel sur Terre-Neuve, au Conseil du Trésor

Chairman, Sub-Committee on Organization of Administrative Services, Interdepartmental Committee on Newfoundland, to Treasury Board

Ottawa, December 3, 1948

Dear Mr. Mackenzie,

I have for acknowledgment your letters† of November 27 and 29 which set forth the directions of the Treasury Board with respect to the payment of transportation and living expenses for:

(a) Newfoundland civil servants who are invited to Canada by Canadian Government Departments for training purposes prior to Union, and

(b) Canadian civil servants who proceed to Newfoundland on temporary duty.

2. The direction with regard to (b) above would appear to meet the requirements as recommended at the last Sub-Committee meeting.

3. As regards (a), while it might be suitable for junior employees, the term of two weeks, during which full living expenses would be paid, would seem to be inadequate as regards more senior officials.

4. My understanding is that the Sub-Committee recommended that the period of one month should be granted for such cases. In this connection I hope it will be possible to secure a further direction of the Board. Perhaps this could be arranged at such time as we first received notice that persons in the senior category are coming to Canada.

5. Regarding visits of Newfoundland officials, which have already been cleared through the Sub-Committee, I trust that the recommendation of the Sub-Committee that the Canadian Government bear the expenses will meet with the approval of the Board at the appropriate time. As you no doubt appreciate these visits have been of great advantage to Canadian officials in their consideration of the problems of Union, and on the presumption that Confederation will take place, we can assume that they have resulted in a saving of time and money, since

Canadian officials would have had to make visits to Newfoundland to secure the necessary information.[258]

Yours sincerely,

J. E. HOWES

1102. 8114-40

Secrétaire d'État par intérim aux Affaires extérieures au haut commissaire à Terre-Neuve

Acting Secretary of State for External Affairs to High Commissioner in Newfoundland

DESPATCH 310 Ottawa, December 14, 1948

Sir,

I have the honour to refer to my Despatch No. 290 of November 23 regarding information about the population of Newfoundland compiled by the Dominion Bureau of Statistics, and enclosing three copies of the first bulletin.

A second compilation of population statistics, classified according to income by districts, has now been completed. The cautionary remarks which I made in my Despatch under reference, apply to this latest compilation. It should be regarded as a preliminary report, which has not been released to the public, but which has been distributed to Canadian Government Departments concerned with Newfoundland.

Under separate cover I am sending you sixty copies of each of these two bulletins for the use of the Newfoundland authorities.

I have etc.

A. J. PICK
for the Acting Secretary of State
for External Affairs

1103. 10302-40

Extraits d'un mémorandum du secrétaire d'État aux Affaires extérieures au Premier ministre

Extracts from Memorandum from Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL Ottawa, December 16, 1948

EXTENSION OF FEDERAL SERVICES TO NEWFOUNDLAND

In order that Federal governmental services can begin to operate in Newfoundland on April 1 next, it will be necessary to proceed at an early date with the

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[258]La note suivante était écrite sur cette copie de la lettre:

[258]The following note was written on this copy of the letter:

Raised by C. J. M[ackenzie] with Board who said they would consider any such service case put to their Dep[artmen]ts and request exemptions from the directions concerned.

rental of space there and with local recruitment of staff and other related matters.

. . .

3. You will recall that the Minister of National Health and Welfare has already been given authority in respect of family allowances only.

4. In taking steps under such authorization, departments would of course be required to have due regard to the fact that the Terms of Union have not yet been approved and confirmed.

5. If agreeable to you, I suggest that the Treasury Board, Civil Service Commission, Department of Public Works and other departments concerned be authorized to proceed with the necessary arrangements.[259]

L. B. PEARSON

1104. 6319-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

TELEGRAM 441 St. John's, December 17, 1948

Re family allowances.

Have now cleared with the Commission of Government and have obtained approval for distribution of family allowance registration forms by mail. Local distribution will commence immediately by post office authorities, and they inform us that registration forms will probably be distributed in a majority of the outports within ten days.

National Director of Family Allowances is now here and is arranging for a press release and we also hope to have a short radio statement made over the radio by him this evening.

1105. NPA

Extrait du procès-verbal d'une réunion de la Commission pour Terre-Neuve[259a]

Extract from Minutes of a Meeting of Commission of Government of Newfoundland[259a]

. . .

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[259]La note suivante était écrite sur ce mémorandum:

[259]The following note was written on the memorandum:

Approved by P[rime] M[inister] by 'phone 28. XII. 48 J. W. PICKERSGILL

[259a]La réunion a eu lieu le 23 décembre.

[259a]The meeting was held on December 23.

1198-'48

A letter from Mr. F. G. Bradley, K.C., LL.B., regarding arrangements for holding Federal elections in Newfoundland was considered. The Commissioner for Home Affairs and Education will inform him that this is an administrative and financial responsibility of the Federal Government of the Dominion of Canada, but that the Government of Newfoundland would be prepared to give any reasonable assistance which the Canadian Election Officer might request.

[W. J. CAREW]
Secretary

1106. 10287-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

TELETYPE 1 Ottawa, January 4, 1949

CONFIDENTIAL. G. P. O'Keefe of the Civil Service Commission expects to leave for St. John's January 4. He will stay for two or three months in order to recruit and also to set up an office for the Commission.

2. For the office he will obtain three or four people one of whom will remain after his departure as the Commission's representative. He has an understanding with Harrell that he might choose a suitable office and seek approval for it. We have asked that the approval be sent through you, whether by teletype or despatch.

3. We are also anxious to have on record the initial steps in extending this federal service, as in other cases. You might therefore encourage O'Keefe for the time being to correspond with departments in Ottawa through you, except perhaps in obviously routine matters concerning only his own department.

4. O'Keefe is aware of the feelings of the Newfoundland government about the loss of civil servants. We have suggested that he keep in close touch with you on this point, as on the others above.

5. For your own information in this connection, the necessary authorization for departments to proceed with the actual extension of services to Newfoundland (having "due regard to the fact that the Terms of Union have not been approved and confirmed") has now been given. The matter is being worked out in interdepartmental committee and will very shortly be communicated to all departments.

6. We have also mentioned informally to O'Keefe that the name of J. Channing be kept in mind as a possible representative of the Commission in St. John's.

1107. 10202-A-40

Extraits du procès-verbal d'une réunion du sous-comité sur l'organisation des services administratifs, le Comité interministériel sur Terre-Neuve

Extracts from Minutes of a Meeting of the Sub-Committee on Organization of Administrative Services, Interdepartmental Committee on Newfoundland

SECRET

MINUTES OF MEETING OF THE SUB-COMMITTEE ON THE ORGANIZATION OF ADMINISTRATIVE SERVICES HELD IN ROOM 123, EAST BLOCK, ON WEDNESDAY, JANUARY 5TH, 1949, AT 11:30 A.M.

Present:

Mr. J. Howes (Chairman)	Bank of Canada
Mr. G.T. Jackson	Civil Service Commission
Mr. M.D. Fidler	Comptroller of the Treasury's Office
Mr. J.T. Marshall	Dominion Bureau of Statistics
Mr. C.J. Mackenzie	Treasury Board Division
Mr. R.A. MacKay	External Affairs
Mr. G.S. Murray	
Mr. W.F. Bull	Trade and Commerce
Mr. E.P. Weeks	
Mr. P. Pelletier	Privy Council Office
Mr. H.R. Horne (Secretary)	External Affairs

. . .

II. TERMS OF UNION

2. The meeting took note of the contents of the Terms of Union signed on December 11, 1948, by representatives of Newfoundland and the Canadian Government and of the Statements on Questions Raised by the Newfoundland Delegation dated December 11, 1948.[260] Copies of both documents were distributed.

III. AUTHORIZATION OF EXTENSION OF FEDERAL SERVICES TO NEWFOUNDLAND

3. Copies of a draft circular† to all departments to inform them of the authorization given on December 28, 1948, by the Chairman of the Cabinet Committee on Newfoundland were distributed for discussion.

. . .

V. VISIT OF MR. G.T. JACKSON TO NEWFOUNDLAND

13. MR. JACKSON, in reporting on his visit to Newfoundland in early December, expressed appreciation of the very helpful co-operation afforded by Newfoundland officials and the office of the Canadian High Commissioner. The problem of office space seemed obvious and he thought Buckmaster's Field would be highly suitable if available. He had found on examining his records that some 238 Canadian employees would be added at the date of Union to the number of

[260]Voir les documents 804 et 805.

[260]See Documents 804 and 805.

government employees in Newfoundland if the plans of Canadian departments were carried out without delay. This seemed to be too large an increase to begin with; it was necessary to keep in mind the frugal attitude of Newfoundlanders towards government establishments and also the fact that the Canadian income tax rate will be higher than theirs. THE MEETING noted this point for further consideration.

. . .

VII. CONTACTS BETWEEN OTTAWA AND ST. JOHN'S

20. THE CHAIRMAN referred to the desirability of proposing a procedure for visits and communications on administrative arrangements before Union, in view of the new phase in the extension of federal services initiated by the authorization of December 28, 1948, given by the Chairman of the Cabinet Committee and in order to allow the Interdepartmental Committee to discharge its special responsibility for this transitional period. Copies of a memorandum† of January 5 from the Secretary to the Chairman, covering visits, teletype messages and letters, were distributed.

. . .

1108. 10302-40

Mémorandum du bureau du Conseil privé au Cabinet

Memorandum from Privy Council Office to Cabinet

CONFIDENTIAL Ottawa, January 10, 1949

FEDERAL STAFF IN NEWFOUNDLAND

Departmental reports received by the Civil Service Commission to date indicate that it is proposed to increase the number of civil servants taken over by federal authorities in Newfoundland by approximately 500 additional employees.

The additional staff required by the various departments is as follows:

Department	Staff additional to that being taken over
Finance, Comptroller of the Treasury	10
Mines and Resources	11
National Health and Welfare	
Health	16
Welfare	29
Public Works	15
Royal Canadian Mounted Police	10
Post Office	48
Trade and Commerce	8
Transport Commissioners, Board of	8
Unemployment Insurance Commission	29
Veterans Affairs	54

It has been pointed out that in some cases the increase in staff is unavoidable such as in the Post Office Department where employees will be required to change over from a 48-hour week to a 44-hour week thus causing some increase

in personnel. Staff will of course be required to permit the extension of completely new services to Newfoundland such as Unemployment Insurance, Family Allowances, etc.

The Newfoundland civil service has been operated with a minimum of staff, not too generous salaries and very limited office accommodation and has given generally efficient service on a very economical basis. It has been suggested that some criticism might arise if the services taken over by federal authorities were expanded materially at the date of union or immediately thereafter. The Newfoundlander may be inclined to feel that since he has to pay for those services, there is no reason why they should be staffed more generously than has been the case in the past.

In order to avoid the difficulties outlined above, it is suggested that the general policy might be one of very gradual expansion rather than one of filling out establishments to their eventual size immediately upon union. Departments of government and the Civil Service Commission might be directed to limit the number of additional appointments to those essentially required at the date of union and to allow additions to staff only on a very gradual basis.

1109. 10302-40

Mémorandum du ministère des Affaires extérieures

Memorandum by Department of External Affairs

SECRET Ottawa, January 13, 1949

NEWFOUNDLAND; FEDERAL STAFF

At the meeting of the Cabinet on January 13, it was agreed that:

(a) all government departments and the Civil Service Commission limit the number of additional appointments in Newfoundland to those actually required at the date of union and to allow additions to staff only on a gradual basis as necessity arose and that a directive be circulated accordingly; and

(b) that the procedure proposed (that the Newfoundland Civil Servants absorbed into the Federal Service at the union proceed to the range applicable had they remained in the Newfoundland service and that the maximum increase accorded to individuals should not be more than $600, except where duties and responsibilities had changed entirely) be approved in principle; no announcement to be made of any limitation on the amount of increased salary to be allowed.

1110. 10302-40

Le chef, la direction du Commonwealth britannique, au haut commissaire à Terre-Neuve

Head, British Commonwealth Division, to High Commissioner in Newfoundland

CONFIDENTIAL

Ottawa, January 17, 1949

Dear Mr. Burchell,

I enclose a copy of a letter to me, under date of January 7, from Dr. Bland of the Civil Service Commission regarding salary scales for Newfoundland civil servants taken into the Canadian service.

Dr. Bland points out that Newfoundland pension rates are virtually as favourable for the employee as Canadian rates but that the Newfoundland employee makes no contribution to pensions; that salary scales up to about the $3,000 class are about the same as in the Canadian service; that, in consequence, Newfoundland civil servants if taken over at approximately the same grade may, especially in the lower brackets, have less take-home pay than at present, or at least will not have much increase. Dr. Bland suggests that policies followed with respect to salary revisions in the lower brackets should be followed in the case of Newfoundland civil servants taken over. In general, this would have the effect of not reducing take-home pay.

It appears that salary scales above the $3,000 level are substantially higher in Canada and that civil servants in the higher brackets taken over are likely to benefit substantially. Dr. Bland suggests that as a temporary decision the maximum increase to be accorded to civil servants should be not more than $600.

For your information, the Cabinet approved of Dr. Bland's proposal with the exception of the $600 limit in the last paragraph, the implication being that the cases should be dealt with on their merits.

Yours sincerely,

R. A. MACKAY

[PIÈCE JOINTE/ENCLOSURE]

Le président, la Commission de la Fonction publique, au président, le sous-comité de direction, le Comité interministériel sur Terre-Neuve

Chairman, Civil Service Commission, to Chairman, Steering Committee, Interdepartmental Committee on Newfoundland

Ottawa, January 7, 1949

Dear Mr. MacKay,

It would appear necessary to have authority to apply certain regulations in connection with pay for those employees of the Newfoundland Civil Service who will become Federal Civil Servants as at April 1st, 1949.

The Newfoundland Superannuation Plan for its Civil Servants is non-contributory in so far as the employees are concerned whereas in Canada the employees contribute 6%. The Newfoundland pension plan, from the point of view of payment on retirement, is almost as good as the Canadian plan.

In the lower salary ranges, under approximately $3,000 per annum, the amount of increase of the Canadian rates over the Newfoundland rates is not great. As a matter of fact it will be generally found that those who have been in

the Newfoundland service for more than three or four years will be at a salary rate that would coincide with up to the middle rate in the range for the Canadian class. Above $3,000 per annum the spread appears to be much greater in the Canadian Civil Service. Regardless of what Canadian rates are applied those Newfoundland employees receiving less than the minimum of the Canadian rate for the class should be immediately increased to the minimum. Those receiving Newfoundland rates of pay that are between the minimum and the maximum of the Canadian rates of pay would be accorded the same Canadian rate or, if there is no such rate in the Canadian range as the employee is now receiving, then the next higher Canadian rate. In any case this increase would generally be not more than $60.

It will be seen from the above that particularly for those who are receiving rates of pay that come between the minimum and maximum of the Canadian rates the increase will be small and the deduction for the Canadian contributory superannuation plan will result in considerable reduction in take-home pay for the Newfoundland employees.

This would appear to be an undesirable situation if it is [not?] possible to correct it and it is suggested, therefore, that the policy should be applied that was generally applied in the salary revisions that took place in Canada in October 1947 and now October 1948 and that Newfoundland employees should proceed to the comparable rate in the Canadian range as at April 1st, 1949; that is to say, those at the maximum will proceed to the maximum, those receiving less than the minimum would proceed to the minimum, and those at intermediate rates would proceed to equivalent intermediate Canadian rates. It would appear that such a policy will have the effect of not reducing the take-home pay of the Newfoundland employee as at April 1949 and may allow some small increase.

In any case either below or above $3,000, particularly in the latter, where it would appear from a brief examination that the increase in maximum rates for some cases will be quite substantial, it is suggested that, as a temporary decision until a more thorough examination is made, the maximum amount of increase that should be accorded should be not more than $600 except where the duties and responsibilities have changed entirely and, of course, always with the provision that the Newfoundland employee should receive at least the minimum rate of the Canadian class. We have, for example, a case under consideration where it would appear that the Newfoundland rate of a professional employee is $2700-3300 and for the same duties and responsibilities the Canadian rate would be $3900-4500. The employee is now receiving $3300 and an increase to $3900 would appear to be sufficient rather than an increase to $4500, which would be the position if the basis requested for absorption into the Canadian scheme did not have some limit.

It would be appreciated if the appropriate body could give consideration to this matter and advise us of the decision reached so that we may take early action to implement the proposals outlined in this letter.

Yours truly,

C. H. BLAND

1111. 10302-40

Le président, la Commission de la Fonction publique, au président, le sous-comité de direction, le Comité interministériel sur Terre-Neuve

Chairman, Civil Service Commission, to Chairman, Steering Committee, Interdepartmental Committee on Newfoundland

Ottawa, February 4, 1949

Dear Dr. MacKay,

With reference to my letter to you of January 7th and Mr. Heeney's letter to me of January 18th,[†] regarding the rates of pay of Newfoundland civil servants who will be absorbed into the Civil Service of Canada on March 31st, 1949, the Commission has been giving attention to the details involved in the various cases and would now like to place before you its opinion as to the proper course of action to be taken.

The provision in the Terms of Union referring to these cases is that:

"Employees of the Government of Newfoundland in the services taken over by Canada pursuant to these Terms will be offered employment in these services or in similar Canadian services under the terms and conditions from time to time governing employment in those services, but without reduction in salary or loss of pension rights acquired by reason of service in Newfoundland."

Newfoundland civil servants are at present in receipt of a basic rate of pay plus a cost of living bonus, the latter of which is effective up to March 31st next. It is the feeling of the Civil Service Commission that the total compensation as of March 31st, including basic rate and bonus, should be regarded as the salary of the employee under the terms of the agreement.

Newfoundland civil servants at the present time enjoy the privileges of a pension system which is comparable to that of the Canadian Civil Service but for which they are required to make no contributions while in our Civil Service, equal contributions are made by the Government and the employee. It is the opinion of the Commission that in setting the salary rates allowance should be made for the pension contribution the absorbed employee will in future be required to pay.

The proposal of the Commission is that absorbed employees should be paid in the appropriate salary range for the position which they are to occupy in the Canadian Civil Service, but at the rate in the range which is the same as, or next above, the March 31st salary plus the pension contribution. The result will be that in all cases the total compensation received by the Newfoundland employee will be as high as, and in many cases higher than that received during the month of March.

Income tax conditions, however, will probably be presented as a basis for consideration. The income taxes of Newfoundland civil servants are considerably lower than those of Canadian civil servants so that on the basis of take-home pay, after income tax payments have been made, the net amount remaining for other purposes would be lower than is at present the case in Newfoundland.

On the other hand, however, Newfoundland civil servants will, after April 1st, enjoy the privileges of Family Allowances. The bonus which they are at present receiving might well be lowered and they will be proceeding to a higher maximum rate of pay than would have been the case had they remained in the Newfoundland Service. They may, furthermore, have some reason to expect lower Canadian income taxes than at present exist and they will benefit by the moratorium on income taxes which will be in effect until July 1st, 1949.

Looking at the whole picture, therefore, the Commission believes that the plan of application of salary rates specified in the fifth paragraph of this letter is an equitable one and could be justified both from the point of view of Canada and Newfoundland.

As it is essential that there should be no possibility of delay in the payment of salary to these employees for the month of April, it is hoped that it may be possible to secure approval of this procedure within the next few days.

Yours faithfully,

C. H. BLAND

1112.

Mémorandum du sous-secrétaire d'État par intérim aux Affaires extérieures au secrétaire d'État aux Affaires extérieures

Memorandum from Acting Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET — Ottawa, February 10, 1949

Attached is a memorandum† which you may wish to forward to the Prime Minister regarding the procedure to be followed concerning matters of policy relating to Newfoundland.

Mr. MacKay, who is Chairman of the Steering Sub-Committee of the Interdepartmental Committee on Newfoundland, points out that a good many questions of policy relating to other departments come before the Interdepartmental Committee for clearance. In such cases it would appear that this department has no particular interest, and Mr. MacKay has been clearing directly with the Prime Minister. But this is rather irregular procedure. Mr. Walter Harris, who was active during the negotiations, would be prepared to act as a link between the Steering Sub-Committee of the Interdepartmental Committee on Newfoundland and the Cabinet. Since normally most questions of policy would in any case come before the Prime Minister, I suggest that this procedure would be useful.

[E. REID]

1113. — 6319-40

Mémorandum du ministère des Affaires extérieures

Memorandum by Department of External Affairs

SECRET Ottawa, February 11, 1949

NEWFOUNDLAND; OLD AGE PENSIONS

At the meeting of the Cabinet on February 11, it was agreed that the Minister of National Health and Welfare be asked to submit statistical and other information with respect to provisional arrangements for the payment of old age pensions.

1114. 6319-40

Mémorandum du ministère des Affaires extérieures

Memorandum by Department of External Affairs

SECRET Ottawa, February 14, 1949

NEWFOUNDLAND; OLD AGE PENSIONS

At the meeting of the Cabinet on February 14, it was agreed that, if it was again suggested that Section 19 of the bill to amend the Statute Law should be amended to provide for payment of old age pensions in Newfoundland as of April 1st, 1949, the government should indicate willingness to enter, without delay, into an old age pensions agreement with any Newfoundland government legally empowered so to do.

1115. 10302-40

Le président, le sous-comité de direction, le Comité interministériel sur Terre-Neuve, au président, la Commission de la Fonction publique

Chairman, Steering Sub-Committee, Interdepartmental Committee on Newfoundland, to Chairman, Civil Service Commission

Ottawa, February 17, 1949

Dear Dr. Bland,

I refer to your letter of February 4 regarding salary scales for Newfoundland civil servants absorbed into the Canadian service.

A copy of your letter was sent to the Prime Minister through Mr. Walter Harris, his Parliamentary Assistant. The Prime Minister's attention was drawn particularly to the following suggestion in your letter:

"... that absorbed employees should be paid in the appropriate salary range for the position which they are to occupy in the Canadian Civil Service, but at the rate in the range which is the same as, or next above, the March 31 salary plus the pension contribution. The result will be that in all cases the total compensation received by the Newfoundland employee will be as high as, and in many cases higher than that received during the month of March."

According to Mr. Harris, the Prime Minister felt that this was a reasonable proposal, provided it did not raise particular civil servants taken over to unduly high salary scales.

You might wish to make a recommendation to Treasury Board along the lines proposed in your letter.

Yours sincerely,

R. A. MacKay

1116. 10300-B-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

Despatch 287 St. John's, February 18, 1949

Sir,

I am enclosing herewith a letter from the Commissioner for Finance in which he asks for an interpretation of Term 39 of the Terms of Union relating to Public Service Pensions.

I would appreciate it if you would send me an early reply as to whether or not the interpretation given by Sir Albert Walsh on the point at issue is right.

I have etc.

C. J. Burchell

[PIÈCE JOINTE/ENCLOSURE]

Le commissaire aux Finances de Terre-Neuve au haut commissaire à Terre-Neuve

Commissioner for Finance of Newfoundland to High Commissioner in Newfoundland

St. John's, February 16, 1949

Dear Mr. Burchell,

You will remember that Paragraph XXII of the Memorandum enclosed with the Canadian Prime Minister's letter of 11th December, 1948, to the Chairman of the Newfoundland delegation,[261] provided that the detailed application of Term 39 of the Terms of Union relating to Public Service pensions would be determined in consultation between the Canadian Government and the Government of Newfoundland. A question of doubt has arisen in this connection, and I should be grateful if you would submit the matter to your Government with a view to clarification.

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[261] Document 805.

An impression appears to exist in the Newfoundland Civil Service that officers transferred to the Federal Service under Term 39 may suffer a loss of pension on retirement because, under the Canadian pension code, pensions are based on the average earnings of the last ten years of service instead of the last three years, as in the Newfoundland Service. Acting on this assumption, one member of the Postal Service who will reach retirement age shortly after union, has applied to be allowed to retire on pension on the 31st March. This Government has, however, no power to award a pension in case of retirement except on reaching retirement age, or for certified ill health, or on abolition of office (Sections 19 and 20 of the Civil Service Act, 1947).

I have discussed the matter with Sir Albert Walsh who informs me that it was understood during the negotiation of Term 39 that the phrases "without reduction in salary or loss of pension acquired by reason of service in Newfoundland" — Term 39(1) — and "Canada will provide the pensions for such employees so that the employees will not be prejudiced" — Term 39(2) — meant that no transferred employee would receive a pension in respect of his Newfoundland service less than the amount due under the Newfoundland code in respect thereof. I should be grateful if you would enquire whether your Government are able to confirm this interpretation and, in view of the doubts to which I have referred, I should be very grateful if you could let me have an early reply.

Yours sincerely,

R. L. M. JAMES

1117. 10302-40

Mémorandum du président, le sous-comité de direction, le Comité interministériel sur Terre-Neuve, au secrétaire parlementaire du Premier ministre[262]

Memorandum from Chairman, Steering Sub-Committee, Interdepartmental Committee on Newfoundland, to Parliamentary Secretary to the Prime Minister[262]

Ottawa, February 24, 1949

NEWFOUNDLAND CIVIL SERVANTS TAKEN OVER INTO THE CANADIAN SERVICE

The Civil Service Commission has raised the question whether under the Terms of Union we are under obligation to take over civil servants in cases where the function they now perform but not the whole service will be performed by the federal Government. Apparently about twenty-five Newfoundland civil servants will fall into this group. These include eight or nine now in the Newfoundland Department of Finance doing statistical work which after union will be done by the Dominion Bureau of Statistics; eight in the Newfoundland Auditor General's Department, who will not be required in the provincial Auditor General's De-

[262] W. E. Harris.

partment because of a reduction in the work of this Department resulting from union (e.g., auditing railway accounts); about eight in the Department of Supply, concerned largely with the application of controls which are not now being enforced by the Wartime Prices and Trade Board.

2. Under the terms of union we are obliged to offer posts to civil servants in specific services taken over. It is suggested however that the civil servants listed above might also be deemed to be included under Term 31(1) "other public services similar in kind to those provided at the date of Union for the people of Canada generally." It is suggested further that for political reasons it might be desirable to give a broad interpretation to our general obligation with respect to Newfoundland civil servants. It would seem further that if the above civil servants are offered posts they would be entitled to superannuation benefits on the same terms as those civil servants in specific services taken over.

3. The Civil Service Commission would like guidance as soon as possible on this matter, since they propose shortly to begin filling up establishments for the various departments.

1118. 10300-J-40

Extraits du procès-verbal d'une réunion du sous-comité sur l'organisation des services administratifs, le Comité interministériel sur Terre-Neuve

Extracts from Minutes of a Meeting of Sub-Committee on Organization of Administrative Services, Interdepartmental Committee on Newfoundland

MINUTES OF A MEETING OF THE SUB-COMMITTEE ON ORGANIZATION OF ADMINISTRATIVE SERVICES HELD IN ROOM 115, EAST BLOCK ON TUESDAY, MARCH 8, 1949, AT 12 O'CLOCK

Present:

Mr. J.E. Howes (Chairman)	Bank of Canada
Dr. O.E. Ault	Civil Service Commission
Mr. G.T. Jackson	
Mr. M.D. Fidler	Office of the Comptroller of the Treasury
Mr. J.T. Marshall	Dominion Bureau of Statistics
Mr. R.A. MacKay	External Affairs
Mr. H.R. Horne	

. . .

III. SURPLUS NEWFOUNDLAND STAFF

3. THE CHAIRMAN reported an informal discussion held on March 7 with representatives of interested departments at the instance of Mr. Heasman, Director, Trade Commissioner Service, to enquire into the disposition of the Newfoundland Trade Commissioner's Office in London and Major Tait in New York. It appeared that the office in London was not in fact a trade commissioner establishment but handled immigration, veterans, war graves, merchant seamen and other quasi-consular work falling within the field of one or other Canadian Government office in London. As regards the officers, the Department of Trade and Commerce felt able to employ one, or perhaps two, of them. The undertaking of the Government in paragraph (xii) 5(b) of the "Statements on Questions raised

by the Newfoundland Delegation"[263] to employ the staff was clear and the Department of Trade and Commerce was by its terms given the primary responsibility. While the functions of the office would be distributed, presumably on the initiative of Canada House, London, the employment question had been put in doubt.

4. MR. JACKSON enquired whether the view that on April 1 the Canadian Government must take on all Newfoundland government employees in a federal service was in fact in accordance with policy.

5. MR. FIDLER pointed out the importance of having guidance as to whether the interpretation of Term 39 should be broad or strict in this regard. MR. MACKAY reported that the Parliamentary Assistant to the Prime Minister had confirmed a suggestion that a broad interpretation should be applied.

6. MR. FIDLER thought that Bill 12 would amend the Superannuation Act restrictively, in covering only "services taken over pursuant to these Terms (of Union)." In being applied from day to day, this might become confined to the services named in the Terms.

7. THE CHAIRMAN noted that Term 31(l) also covered "other public services similar in kind to those provided at the date of Union for the people of Canada generally" but that nevertheless the Sub-committee had a doubt about the matter.

8. THE MEETING agreed to recommend that the Superannuation Act (as amended) be interpreted broadly in harmony with the broad interpretation of the categories of employees that the Government is to take over.

9. THE MEETING noted also the importance of having as soon as possible and before April 1 definitive lists of the Newfoundland employees whose disposition was still in doubt, showing whether or not they would be available for federal employment. This would avoid later claims to such employment by persons whose position had not been defined before the date of Union. The representatives of the Civil Service Commission undertook to obtain the lists from St. John's.

10. With regard to the placing and payment of any on the federal list not wanted by any particular federal department, the representatives of the Civil Service Commission agreed to discuss the possibility of the Commission taking them on its payroll as a purely temporary measure until more permanent employment could be found. MR. JACKSON explained that this could not be meant to include persons surplus to a clearly federal service, e.g., post office or customs personnel.

11. THE MEETING agreed to inform the Department of Trade and Commerce of its opinion that the responsibility indicated by the Statements on Questions should remain and that any surplus staff at the London or New York offices should be reported to the Civil Service Commission.

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[263] Voir la pièce jointe, document 805.

[263] See enclosure, Document 805.

1119. 10302-40

Le président, le sous-comité sur l'organisation des services administratifs, le Comité interministériel sur Terre-Neuve, au sous-ministre du Travail[264]

Chairman, Sub-Committee on Organization of Administrative Services, Interdepartmental Committee on Newfoundland, to Deputy Minister of Labour[264]

Ottawa, March 10, 1949

EXTENSION OF CANADIAN GOVERNMENT SERVICES TO NEWFOUNDLAND

On October 6, 1948, the Sub-committee on Organization of Administrative Services distributed a circular regarding the staff that would be required by departments as a result of a union of Newfoundland with Canada and also the funds that would be required during the transitional period before such a union. At the same time the Department of Public Works distributed a circular asking for statements of office space requirements in Newfoundland.

2. On December 28, 1948, the Chairman of the Cabinet Committee on Newfoundland authorized departments to proceed to take actual steps for the extension of their services to Newfoundland in terms of staff, office space, training of Newfoundland personnel and otherwise as necessary. During the present transitional period which will continue up to the date of Union and in a few cases beyond, Canadian Government departments have been arranging individually with their counterparts in Newfoundland the details of the administrative changeover. This has been done either by visits or by correspondence. It is assumed that all departments have also taken steps with the Civil Service Commission for the recruitment of staff and with the Department of Public Works for the acquisition of office space.

3. Certain departments will not open offices in Newfoundland but will, nevertheless, acquire from the Newfoundland Government by reason of Union the conduct of affairs that are a federal concern. These departments will therefore have considered the steps required to determine the following points:

(a) Which Newfoundland department is at present dealing with these affairs?

(b) What staff is maintained and will come within the terms of the obligation acquired by the Canadian Government in Term 39(1) of the Terms of Union?

(c) What arrangements, if any, will be necessary to achieve administrative continuity (e.g. transfer of files, interim continuation of Newfoundland laws under Term 18)?

4. The Sub-committee thinks it advisable to suggest that departments concerned might, if they have not already done so, review the text of the Terms of

[264] Des lettres semblables furent envoyées aux autres sous-ministres et aux responsables d'organismes gouvernementaux.

[264] Similar letters were sent to other Deputy Ministers and to heads of government agencies.

Union and the "Statements on Questions raised by the Newfoundland Delegation," as one aspect of a general examination of the situation at this point.

5. Since the Parliament of Canada and the Newfoundland Commission of Government have approved the Terms of Union and since it appears that the Royal Assent will shortly be given to a Bill of the United Kingdom Parliament to confirm the Terms, it is necessary to consider and deal rapidly with any outstanding problems that have arisen in connection with the extension of federal services to Newfoundland. The Sub-committee will be very grateful if departments and agencies will bring to its attention any matters that are causing difficulty and seem likely to cause a delay beyond March 31.

JOSEPH E. HOWES

1120. 10302-40

Le directeur, la direction de la politique économique, le ministère des Finances, au sous-secrétaire d'État par intérim aux Affaires extérieures

Director, Economic Policy Division, Department of Finance, to Acting Under-Secretary of State for External Affairs

Ottawa, March 11, 1949

ATTENTION: R.A. MACKAY

Dear Sir,

This is to confirm the telephone conversation of March 3, 1949, with Mr. R. A. MacKay, to the effect that a reply had been sent to the High Commissioner for Canada in St. John's, Newfoundland, a copy of which I enclose.

The enclosed memorandum sets out the proposed method of computing pensions of employees of the Government of Newfoundland transferring to the public service of Canada under the Terms of Union. Mr. C. J. Mackenzie and Mr. G. L. Gullock of this Department are going to St. John's early next week to discuss this and other matters with Newfoundland authorities. If the latter agree to this statement, it will then be announced as the policy of the federal government.

Yours very truly,

M. W. SHARP

[PIÈCE JOINTE 1/ENCLOSURE 1]

Le sous-ministre des Finances au haut commissaire à Terre-Neuve

Deputy Minister of Finance to High Commissioner in Newfoundland

Ottawa, March 3, 1949

Dear Mr. Burchell,

Mr. R. A. MacKay has forwarded to me the letter you received from the Newfoundland Commissioner of Finance dated February 16, 1949, concerning

pensions for government employees transferring to the federal government after union.

You may assure Mr. James that the particular employee mentioned in the letter will not suffer any loss of pension as a result of transferring to the Canadian Civil Service.

In connection with the more general questions raised in the letter from Mr. James, I hope to forward to him shortly for his comments a memorandum setting out the proposed method of computing pensions of employees of the Government of Newfoundland transferred to the Canadian Civil Service following union.

Yours very truly,

W. C. CLARK

[PIÈCE JOINTE 2/ENCLOSURE 2]

Mémorandum du ministère des Finances

Memorandum by Department of Finance

[n.d.]

An employee of the Government of Newfoundland who transfers to the public service of Canada pursuant to the Terms of Union may elect within one year after he transfers to receive a pension upon retirement calculated in accordance with one of the following methods.

1. *Where he transfers to pensionable employment in the Public Service of Canada.*

(a) He may elect to receive a pension for his combined pensionable service with both Governments. It will be payable in accordance with the Canadian Government Superannuation plan and for that purpose his average salary will be calculated as follows:

(i) if he has served ten years or more with the Canadian Government it will be his average annual salary for the last ten years of his service;

(ii) if he has served less than ten years with the Canadian Government it will be his average annual salary for his Canadian service together with that for the part of his last years of Newfoundland service immediately before the date of Union required to complete the period of ten years. However, not more than the last three years of his Newfoundland service will be counted for this purpose and if his Canadian service together with three years of Newfoundland service are less than ten years it will be his average salary for this lesser period.

(b) As an alternative he may elect to receive a pension consisting of two parts. The first part will be based on his period of pensionable service with the Newfoundland Government and will be calculated in accordance with the provisions applying to Newfoundland service at the date of Union as if he had reached retirement age at that date. The second part will be based on his period of service with the Government of Canada and will be computed in accordance with the superannuation provisions applicable to employment in the public service of Canada.

2. *Where he transfers to non-pensionable employment in the Public Service of Canada.*

He will receive a pension on retirement based on his period of pensionable service with the Newfoundland Government. It will be calculated in accordance with the provisions applying to Newfoundland service at the time of Union as if he had reached retirement age at that date. He will not receive pension for his service in the public service of Canada so long as he remains in non-pensionable employment.

Virtually all employment to which employees will be transferred is pensionable. The exceptions relate to part-time employees and those in similar types of employment.

1121. 10300-D-40

Le directeur, la direction de la politique économique, le ministère des Finances, au chef, la direction du Commonwealth britannique

Director, Economic Policy Division, Department of Finance, to Head, British Commonwealth Division

Ottawa, March 30, 1949

Dear Dr. MacKay,

Will you please arrange to have the attached message sent to Newfoundland.

Yours very truly,

M. W. Sharp

[PIÈCE JOINTE/ENCLOSURE]

Following for Mr. Walter Marshall, Secretary of Finance, St. John's, Newfoundland, from M. W. Sharp, Department of Finance:

Alan Hockin will be member of official party to attend union ceremonies. While he is not authorized to discuss financial matters arising out of union you may find it useful to acquaint him with matters which may be difficult to put on paper. Regards.

1122. 10300-D-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

Teletype 265 St. John's, March 30, 1949

Important. Following is the draft of announcement which I propose to have inserted in the St. John's daily newspapers tomorrow, March 31st:

"The offices of the High Commissioner for Canada will officially close on the night of March 31st.

Beginning April 1st the Commercial Secretary, who will continue to represent the Department of Trade and Commerce, will have the title of 'Regional Representative, Department of Trade and Commerce.' His office will, as at present, be located in the Stott Building, Water Street, St. John's. The telephone number will be 2698.

Hitherto enquiries of a general nature have been handled by Mr. W. J. Eastwood in the enquiries office on the ground floor of the High Commissioner's office. This office will close on the night of March 31st but enquiries of a general nature may thereafter be referred to the office of the Regional Representative, Department of Trade and Commerce.

Mr. B. E. Ensom, Department of Finance, who has been attached to the High Commissioner's office to deal with import control matters will retain his present office in the Stott Building for the time being. Mr. Ensom's telephone number will be announced later.

Customs and excise matters formerly referred to Mr. D. W. McGill and Mr. H. J. Kealey in the High Commissioner's office, should, as of April 1st, be referred to the Administrative Officer, Department of National Revenue, Customs and Excise, in the Customs Building, Duckworth Street, St. John's. The telephone number will be 5121 or 5122." Ends.

I also propose to have the announcement read over the air. Would you please let me know today if the above proposals meet with your approval and if the text is suitable to you.

1123. L.S.St.L./Vol. 61

Le premier ministre de Terre-Neuve au Premier ministre

Premier of Newfoundland to Prime Minister

TELEGRAM St. John's, April 1, 1949

Cordial greetings and thanks. Your great speech today universally respected here. Gordon's[265] appointment recognized by all as a gracious compliment to Newfoundland. We go from victory to victory.

JOSEPH R. SMALLWOOD

1124. L.S.St.L./Vol. 61

Le Premier ministre au premier ministre de Terre-Neuve

Prime Minister to Premier of Newfoundland

[265] F. G. Bradley. Voir les documents 1149 et 1150.

[265] F. G. Bradley. See Documents 1149 and 1150.

PERSONAL

Ottawa, April 2, 1949

Dear Mr. Smallwood,

Thank you for your telegram. While you go from victory to victory, we go from budget to budget. Yesterday Parliament approved and Royal Assent was given to the first appropriation bill for federal services in Newfoundland — some eleven million dollars.

All good wishes.

Yours sincerely,

LOUIS S. ST. LAURENT

1125.

10300-D-40

Les bureaux du gouvernement du Canada à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Canadian Government Offices in Newfoundland to Secretary of State for External Affairs

TELETYPE 294

St. John's, April 5, 1949

Following for MacKay from Bridle, Begins: I have sent you personally today some fairly full reports on the teletype regarding the change-over.[266] I shall continue to communicate with you personally either by letter or by teletype regarding matters which remain outstanding or to inform you of any highly important development which may take place. I have, however, as of the night of March 31st, ceased to make any official reports and from this time on I shall confine my communications to you to a minimum. I assume that the main object of communications between us during the remainder of my stay will be to enable me to wind up the affairs of the office in a manner suitable to the Department.

Would you please let me know if the above is approved. Mr. Wright of the Public Works Department has had the words "Dominion Government Offices" painted on the front door of the office. I am asking him to change this to "Canadian Government Offices," the designation desired by Mr. Burchell. We now use this designation as our letterhead and the switchboard operator uses it when answering the telephone. Incidentally the notice about the official closing of the office and the consequent arrangements for other Departments was published as drafted in the press and on the radio on March 31st.

I am planning to wind up the affairs of the office by about the middle of April as we agreed when you were here [. . .].

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[266] Voir par exemple le document 1034.

[266] See for example Document 1034.

1126. 10302-40

Le représentant à Terre-Neuve, le ministère du Commerce, au directeur, le service des délégués commerciaux, le service du commerce extérieur, le ministère du Commerce

Representative in Newfoundland, Department of Trade and Commerce, to Director, Trade Commissioner Service, Foreign Trade Service, Department of Trade and Commerce

TELETYPE C.S. 86 St. John's, April 7, 1949

Regional Office activities.

The purpose of this teletype is to make a number of observations in connection with the functions of this office as the regional organization for the department.

2. The conclusion of the activities of the office of the High Commissioner has meant to a large extent, as was anticipated, the loss of co-ordination between the various offices of Federal Government Departments in Newfoundland. Whereas the High Commissioner was the overriding authority in all matters and a clearing-house for information and policy, each office now works in its own compartment with less concern for a common approach to the island's problems, particularly those of the business community.

3. Individually, each departmental representative here has shown a keen desire to appreciate Newfoundland's position and to offer the fullest co-operation in matters coming within his sphere. They have all managed to make themselves well liked and there is certainly no criticism of them in their endeavour to be helpful. There are matters of general concern which may touch a number of these offices, some more and others less, which it is felt should be brought to the attention of the Government in Ottawa. The main concern of this office is the welfare of the Newfoundland business men and where there may be questions affecting them which were not the direct responsibility of this office it is proposed to report them to you with the suggestion that they be referred to the appropriate authority or authorities in Ottawa. This office having been established in Newfoundland for many years is in a position to recognise and appraise the difficulties that may develop much more easily than those offices whose local functions have been of brief duration or which are confined to a narrower sector than ours.

4. It is hoped it will be in order, therefore, to report from time to time on questions of this kind and to channel information to you either in the form of reports or newspaper clippings which may be helpful to the federal departments collectively in adapting their services to Newfoundland requirements.

5. In this connection, I would like to urge that the influence of our department be used in persuading the Emergency Import Control Division of the Department of Finance not to withdraw their services for the administration of schedules I and II in Newfoundland. Their representative who has been here for some time with his staff of three, expects to return to Ottawa in the next ten days. It is hoped that I may be able to induce him to stay but as he personally feels entitled to recall I question whether my efforts will be successful. Of the 600 companies he

has circulated since his arrival in February last, less than one-quarter have established import quotas under schedule II. This would indicate that there is substantial backlog of enquiries but the representative has adopted the attitude that he should not be expected to wait indefinitely for them to come forward, the initiative having been taken by him over a month ago. This, of course, is the crux of the difficulties facing this office, that is, of co-ordinating the efforts of the various federal departments with a view to servicing the needs of local industry and trade, and in successfully applying the many new federal regulations in this region.

6. I have spoken to Mr. J. H. Berry by telephone requesting that Mr. W. E. McDermott should pay another visit as early as possible to Newfoundland to clear up enquiries regarding schedule III. He did not visit Grand Falls or Corner Brook on his first visit and it has been urged that this be arranged.

7. I have to report that the transition in Newfoundland has, on the whole, been most successful. There have been no serious disruptions or complaints with the exception of one item which will be referred to later.

8. While it is known that the majority of merchants have, as anticipated, suffered losses as a result of the change in prices, no case of exceptional hardship has been reported. These losses were the result of the removal of Newfoundland customs duties and the ending of the era of protected market profit-taking and have been accepted with very little public protest.

9. The trade, as you already know, has expressed appreciation of the efforts of the Canadian authorities here to help them with their problems and to deal with their questions on such matters as customs, excise or import controls. There is some resentment of the fact that an import permit will be required for goods shipped from Newfoundland to other parts of Canada which are not of local origin but it is nevertheless acknowledged that a measure of this kind was necessary to prevent abuses either by Canadian or Newfoundland companies. There is some bitterness on constitutional grounds that there should be this legal barrier to free trade with the rest of the provinces, but this is not widespread.

10. The only issue which has caused alarm in the business community is that of the special circular† published by the Department of National Revenue, Excise Division, April 1st, the net result of which is that Canadian goods in bond in Newfoundland prior to April 1st or shipped from Canada before this date and cleared during April are subject to sales and other excise taxes regardless of whether these taxes have already been collected at the source. The Newfoundland consignee, after providing his Canadian supplier with proof that these taxes were paid on clearance from Newfoundland customs, is entitled to a refund by the consignor who may in turn collect from the Department of National Revenue. There has, unfortunately, been some confusion on the part of Newfoundland customs collectors who have insisted in some cases that the tax be levied on the full invoice value which in many cases includes the taxes paid at the source. This matter was discussed with Mr. Gordon Howell, administrative officer, Department of National Revenue in St. John's. He stated that he had received numerous protests and had referred the matter to his Department in Ottawa by telephone. He was advised that there would be no change in the instructions.

While it is thought that the double payment of taxes will act as a deterrent to the removal of Canadian goods from Newfoundland bonded or sufferance warehouses, their removal should be complete within the next two or three weeks and by next month at the latest there will be no further concern over this issue.

11. There was general disappointment over the fact that the subsidy was removed from wheat. On the other hand, there were, I understand, two importers with fairly large stocks of flour, bought early in the year. They have accordingly been spared heavy losses. It is reckoned that flour will cost approximately 40 cents per bag less than it did prior to Confederation.

12. I am particularly concerned over the question of having the representative of the Emergency Import Control Division, Department of Finance, remain in St. John's (paragraph 5) and would appreciate hearing from you in this regard. If he leaves, his work will be left to this office and I do not feel that we are equipped to cope with it satisfactorily.

1127.

Procès-verbal d'une réunion du Conseil exécutif de Terre-Neuve

Minutes of a Meeting of the Executive Council of Newfoundland

Certified copy of Minute of the Honourable the Executive Council of the Province of Newfoundland approved by His Honour the Lieutenant-Governor on April 14th, 1949, relating to the Meeting held on April 9th, 1949.

24-'49

Public Welfare 2-'49. Ordered that, under the provisions of "An Act to Provide for Old Age Pensions and Pensions for the Blind," No. 34 of 1949, arrangements be made for the payment of pensions under the conditions specified; that the Minister of Public Welfare be authorized to undertake the payment of old age pensions and pensions for the blind, in accordance with the relevant Canadian and Newfoundland legislation on this subject, and regulations made thereunder; and that he also be empowered to negotiate and sign on behalf of Newfoundland the agreement on this subject to be entered into between the Province and the Federal Government.

W. J. CAREW
Clerk of the Executive Council.

1128. PCO-CRF/Vol. 2412

Décret en Conseil

Order in Council

P.C. 2249 Ottawa, May 4, 1949

The Committee of the Privy Council have had before them a report from the Acting Minister of National Health and Welfare, representing:

That an Act to provide for Old Age Pensions and Pensions for Blind Persons, (herein called the Provincial Act) enacted by the Commission of Government of

Newfoundland on the 31st day of March, 1949, provides *inter alia* that the Governor in Commission, upon the application to Newfoundland of the provisions of the Old Age Pensions Act, being Chapter 156 of the Revised Statutes of Canada, as amended (herein called the Dominion Act) may enter into an agreement thereunder and by order may authorize and provide for the payment of pensions under the conditions specified therein and in the Dominion Act;

That the Dominion Act came into force in the Province of Newfoundland by proclamation on the 1st day of April, 1949;

That an Order, copy of which is hereunto annexed,† has authorized and provided for the payment of pensions under the conditions specified in the Provincial Act and in the Dominion Act;

That there has been in force in the Province of Newfoundland an Act known as the Old Age Pensions Act 1934 (herein called the 1934 Act) and it is provided in the Provincial Act that, as and from the date on which the agreement authorized thereby comes into force, the 1934 Act shall cease to have effect;

That, except insofar as the 1934 Act permits the payment of pension to widows at the age of sixty-five years under certain circumstances, any pensioner who is in receipt of pension thereunder as meeting the conditions of eligibility therein set out would be eligible for pension under the Dominion Act as being able to meet all of the conditions specified in that Act and in the regulations thereunder, and there are approximately 3,000 such pensions being paid under the 1934 Act;

That it would cause delay and hardship if the persons, presently in receipt of pension under the 1934 Act, and who are eligible for pension under the Provincial Act, were required to re-apply for pension thereunder, and it is accordingly desirable to make provision under the authority of the Dominion Act to recognize such persons as having fulfilled the conditions of the Dominion Act and Regulations as regards application and the investigation thereinto as of the effective date of an agreement between the Minister of National Health and Welfare and the Province pursuant to the provisions of the Dominion Act;

That forms for making application for pension were not available for general distribution in the month of April and the earliest such forms can be made available is the month of May;

That it is accordingly considered desirable to provide that applications for pension, made as required by the Old Age Pensions Regulations, which are received on or before the 31st day of May 1949 and which are approved by the pension authority, shall be deemed to have been received and approved on the 30th day of April 1949, which will have the effect of making such applicants eligible to be paid pension from the 1st day of May as would have occurred had they been able to make application in the month of April and approval had been given thereto in that month;

That the Provincial Act contains a scheme for the administration of pensions proposed to be adopted in the Province of Newfoundland, and it is desirable that approval be given thereto;

That it is also desirable that approval be given to an agreement with the Province of Newfoundland in the form hereunto annexed† respecting the pay-

ment of pensions therein under the conditions specified in the Dominion Act and to the execution thereof by the Minister of National Health and Welfare on behalf of the Government of Canada.

The Committee, therefore, on the recommendation of the Acting Minister of National Health and Welfare and pursuant to the provisions of the Old Age Pensions Act, advise:

1. That Your Excellency may be pleased to approve the scheme for the administration of pensions proposed to be adopted by the Province of Newfoundland as set forth in an Act to provide for Old Age Pensions and Pensions for Blind Persons, as enacted by the Commission of Government on the 31st day of March, 1949, copy of which is hereunto annexed; and

2. That Your Excellency may be pleased to approve an agreement between the Government of Canada and the Province of Newfoundland in the form hereunto annexed, to become effective on the 1st day of April, 1949, and to ratify and confirm the execution thereof by the Minister of National Health and Welfare on behalf of the Government of Canada; and

3. That where a person in the Province of Newfoundland immediately prior to the effective date of the agreement was accepting a pension and a pension was being paid to him under the 1934 Act, he shall be deemed, as of the effective date of the agreement for the purposes of the Dominion Act and Regulations, to have made an application for pension and the conditions with respect to the investigation then required by the Dominion Act and Regulations shall be deemed to be satisfied and if he is eligible for the payment of pension under the conditions specified in the Dominion Act and Regulations and the pension authority grants pension to him, payment thereof may be made from the effective date of the agreement; and

4. That application for pension in the Province of Newfoundland, made as provided in the Old Age Pensions Regulations on or before the 31st day of May 1949, which is approved by the pension authority, shall be deemed to have been received and approved on the 30th day of April, 1949.

LOUIS S. ST. LAURENT

Approved.

ALEXANDER OF TUNIS

[PIÈCE JOINTE/ENCLOSURE]

La Gazette de Terre-Neuve du 26 avril 1949

The Newfoundland Gazette of April 26, 1949

No. 34 of 1949

AN ACT TO PROVIDE FOR OLD AGE PENSIONS AND PENSIONS FOR BLIND PERSONS

(31st March, 1949)

SECTION

1. Power of Government to enter into Agreement.
2. Maximum amount of pension.

3. Appointment of Board and Officers for administration.
4. Duties of Board.
5. Decisions of Board final.
6. Pensioners not [to] be disqualified from voting.
7. Pension not to be alienated or subject to seizure.
8. Recovery from pensioner's estate; exception.
9. Cost payable from public funds.
10. Provision for repeal.
11. Short title.

Be it enacted by the Governor, by and with the advice of the Commission of Government, as follows:

1. The Governor in Commission may, upon the application to Newfoundland of the provisions of the Old Age Pensions Act, being Chapter 156 of the Revised Statutes of Canada as amended, hereinafter called "the Dominion Act,"

(a) enter into and carry out an agreement as to a general scheme of pensions in Newfoundland, pursuant to the provisions of the Dominion Act, and for the quarterly payment to the Government of Newfoundland of the total of the amounts the Government of Canada is under Sections 8 and 8A of the Dominion Act authorized to contribute in respect of pensions paid during the preceding quarter by the Government of Newfoundland pursuant to this Act, to the persons and under the conditions specified in the Dominion Act and the regulations made thereunder;

(b) by order authorize and provide for the payment of pensions under the conditions specified in this Act and the regulations made hereunder, and in the Dominion Act and the regulations made thereunder;

(c) make regulations not inconsistent with this Act or the Dominion Act, as he considers necessary for the proper administration of this Act and for regulating expenditures to be made thereunder.

2. In the agreement referred to in Section 1 (a) hereof, the maximum pension to be paid by the government of Newfoundland shall not be specified in an amount in excess of thirty dollars monthly.

3. (1) The Governor in Commission may appoint three officials of the Department of Public Health and Welfare as a board to be known as "The Old Age Pensions Board," and shall designate one of such persons to be the chairman thereof;

(2) The Board shall, under the Commissioner for Public Health and Welfare, be charged with the administration of this Act;

(3) The Governor in Commission may appoint such officers, clerks and servants as are required for the proper administration of this Act and may fix their salaries.

4. It shall be the duty of the Board

(a) to receive applications for pensions; and

(b) to determine the eligibility of each applicant for pension and, where the

applicant is eligible, to determine the amount thereof and direct payment accordingly.

5. Subject to the right of the Board to rescind, amend, suspend or cancel any determination or direction made by it, every determination and direction of the Board shall be final and shall not be subject to review by any court of law or otherwise.

6. No person shall, by reason only of the receipt of a pension under this Act, be disqualified from voting at any election.

7. No pension shall be subject to alienation or transfer by the pensioner, or to seizure in satisfaction of any claim against him.

8. (1) The Board is hereby authorized to recover out of the estate of any deceased pensioner, as a debt due by such pensioner, the sum of the pension payments made to such pensioner from time to time;

(2) No claim shall be made by the Board for the recovery of such debt directly or indirectly out of any part of the pensioner's estate that passes by will or on any intestacy to any other pensioner or to any person who has, since the grant of such pension or for the last three years during which such pension has continued to be paid, regularly contributed to the support of the pensioner by the payment of money or otherwise to an extent which, having regard to the means of the person so having contributed, is considered by the Board to be reasonable.

9. Pensions and the expenses of administration of this Act shall be payable out of such moneys as may be provided therefor by the Commission of Government out of public funds.

10. As from the date on which the agreement by this Act authorized comes into force, the Old Age Pensions Act, 1934, as amended by the Act No. 21 of 1942, the Act No. 8 of 1943, and the Act No. 40 of 1943, shall cease to have effect and may as from that date be repealed by Proclamation published in the *Newfoundland Gazette*.

11. This Act may be cited as the Old Age and Blind Persons Pension Act, 1949.

PARTIE 5/PART 5
ARRANGEMENTS DIVERS
MISCELLANEOUS ARRANGEMENTS

1129. 2828-40

Le deuxième secrétaire, le haut commissariat à Terre-Neuve, à la direction du Commonwealth britannique

Second Secretary, High Commission in Newfoundland, to British Commonwealth Division

St. John's, September 13, 1948

Dear Mr. Crépault,

I refer to Mr. MacKay's letter of August 4th† requesting copy of the Newfoundland Coat of Arms. I enclose a copy of the Newfoundland Coat of Arms along with a description of its significance.†

Yours sincerely,

PAUL A. BRIDLE

1130. 2828-B-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire par intérim à Terre-Neuve

Secretary of State for External Affairs to Acting High Commissioner in Newfoundland

DESPATCH 255 Ottawa, October 20, 1948

Sir,

I shall be glad to be informed whether there is in Newfoundland any organization for the determination and distribution of Standard Time and if so, what are the number and salaries of the staff and the expenditures during the past few years. This information has been asked for by the Department of Mines and Resources.

I have etc.

[E. REID]
for the Secretary of State
for External Affairs

1131. 2828-B-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 18 St. John's, January 11, 1949

Sir,

I have the honour to refer to your despatch No. 255 of October 20th regarding the manner in which standard time is determined and distributed in Newfoundland.

2. I am advised that Greenwich Mean Time is received at Cabot Tower by Marconi wireless and that this time adjusted to the Newfoundland time zone is the time used in St. John's. Apparently the rest of Newfoundland goes by railway

time which originates in St. John's and is dispersed by railway despatchers along the railway line.

I have etc.

PAUL A. BRIDLE
for High Commissioner

1132. 10302-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

DESPATCH 27 Ottawa, February 2, 1949

Sir,

We have received from the Department of Mines and Resources the attached letter of January 26 in response to your despatch No. 18 of January 11 regarding the time service in Newfoundland.

2. The purpose of the letter, as explained informally, is as follows. The enquiry made in our despatch No. 255 of October 20 was designed to let the Department of Mines and Resources know what, if anything, they would have to do in this field as a result of Union. Having learned from your despatch under reference about the system already in use in Newfoundland, they now wish simply to describe to the Newfoundland authorities some details of the Canadian service. If there is to be an extension of the Canadian service to Newfoundland, the Canadian authorities will expect the proposal to come from Newfoundland. The radio transmissions from Halifax are of course, there to be used by anyone receiving the signals, although our Atlantic Time is one half-hour behind Newfoundland time.

I have etc.

[E. REID]
for the Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

2828-B-40

Le sous-ministre des Mines et des Ressources au sous-secrétaire d'État par intérim aux Affaires extérieures

Deputy Minister of Mines and Resources to Acting Under-Secretary of State for External Affairs

Ottawa, January 26, 1949

Dear Mr. Reid,

With reference to Despatch Number 18 of January 11, 1949, from St. John's concerning standard time in Newfoundland, I would like to convey the following information about the Time Service maintained by this Department at the Dominion Observatory, Ottawa.

Canadian Time is based on observations made at the Dominion Observatory. Time-signal machines checked and corrected each day from star observations distribute time by land lines to the Canadian National and Canadian Pacific Railways and to the Canadian Broadcast[ing] Commission stations daily. Time signals are broadcast continuously over Station C.H.U. on frequencies of 3330 K.C., 7335 K.C. and 14670 K.C., with power output of 300 watts.

Enclosed is a mimeographed description of the time services that are supplied.† The signals broadcast by C.F.H. Halifax twice daily might well be of assistance to Newfoundland as well as the signals originating at Station C.H.U. in Ottawa.

In supplying this information, I wish to say that the Time Service at Ottawa will be very glad to co-operate in any way within their power with authorities concerned with the distribution of time in Newfoundland.

Yours very truly,

H. L. KEENLEYSIDE

1133. 10302-40

Le séquestre suppléant adjoint au sous-secrétaire d'État aux Affaires extérieures

Assistant Deputy Custodian to Under-Secretary of State for External Affairs

URGENT

Ottawa, February 17, 1949

RE: NEWFOUNDLAND CUSTODIAN

Attention: Mr. Horne

Reference is made to the telephone conversation which took place yesterday between your Mr. Horne and our Mr. Wright.

As you are aware, all enemy property in Canada is vested in and made subject to the control of the Custodian pursuant to the provisions of The Trading with the Enemy (Transitional Powers) Act.

I assume that when union with Newfoundland is consummated, it will be necessary to consider the application of the above Act to enemy assets sequestered by the Custodian in Newfoundland. As a preliminary step, it would be appreciated if you would furnish me with all available information relating to the Custodian's Office in Newfoundland, including data as to personnel and the approximate value of assets being administered. I would also be pleased to receive copies of the Regulations pertaining to the Department as soon as possible.

A. H. MATHIEU

1134. 2868-D-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 311 St. John's, February 21, 1949

Sir,

I have the honour to enclose copies of a clipping† from the St. John's *Daily News* of February 18 which contains a Canadian Press story from Ottawa dated February 17, which states that "some Canadian Parliamentarians confessed in the Commons tonight they are baffled on the correct pronunciation" of Newfoundland.

2. While there is more than one correct way of pronouncing "Newfoundland" there is one sure way which is easy to master. The rule is simply to give the syllables the same emphasis as in the word "understand."

I have etc.

C. J. BURCHELL

1135. 10300-D-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

TELETYPE 203 Ottawa, March 3, 1949

IMMEDIATE. The Ottawa Board of Trade has raised the question whether there is a special Newfoundland flag which might be used for window display towards the end of the month. Miss Horwood thinks there is but is not very certain. Could you please check and if there is one let us have a description and specimen as soon as possible.

1136. 10300-D-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELETYPE 153 St. John's, March 3, 1949

Your telegram No. 203 of March 3rd, Newfoundland flag.

1. The Union Jack is the official flag of Newfoundland. There are, however, two other flags which are sometimes flown. The first is the Red Ensign with a

crest in the fly bearing a representation of a kneeling figure offering gifts to a second figure who is standing. The crest bears the motto *Haec Tibi Dona Fero.* The other flag is the Blue Ensign bearing the same crest in the fly. The red flag is used by merchant ships and the blue flag is used by Customs vessels and other Government ships. The red flag is the one which might be regarded as a special Newfoundland flag. I am informed that there is a picture and description of this flag in an official book which describes the flags of the Commonwealth countries and other nations. Probably a copy of this book is available in Ottawa. If you are unable to find what you need, please let us know and we will endeavour to obtain a description and specimen for you.

1137. 10300-D-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH 399 St. John's, March 7, 1949

Sir,

May I refer to my teletype No. R. 17 of today's date[267] in which I gave you some information about the Great Seal of Newfoundland. I am enclosing herewith an imprint of the present Seal.†

2. The Acting Administrator suggests that the new Seal should be much the same as the present one, with the necessary corrections, and asked me to ascertain whether or not a new Seal could be made quickly in Canada.

3. I discussed with him whether or not the words "Province of Newfoundland" should appear on the Seal or only the word "Newfoundland" as on the present Seal. I referred him to Section 1 of the Terms of Union, but he thought it preferable to have only the one word "Newfoundland" on the Seal.

4. You will note that the Coat of Arms on the Great Seal differs from the Coat of Arms as it appears on the letterhead. Sir Edward Emerson informed me that the Coat of Arms as it appears on the Seal is the one which Dr. Vincent Burke, President of the Newfoundland Historical Society, persuaded the Government was the correct Coat of Arms and he thought it went back to the days of Charles II. I have asked Dr. Burke to look into the matter for me and he will call at my office tomorrow and give me full information on this matter.

I have etc.

C. J. BURCHELL

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[267] Document 1016.

1138. 10302-40

Le greffier de la citoyenneté canadienne, le secrétariat d'État, au chef, la direction du Commonwealth britannique

Registrar of Canadian Citizenship, Department of Secretary of State, to Head, British Commonwealth Division

Ottawa, March 7, 1949

Dear Mr. MacKay,

RE: CANADIAN CITIZENSHIP IN NEWFOUNDLAND

When the union of Newfoundland with Canada comes into effect on the 1st April, 1949, it will be necessary to have established the machinery to provide for applications for Canadian citizenship.

I enclose a copy of the Canadian Citizenship Act[†] with the Regulations thereunder. The Regulations commence at page 25. You will note that the person who is not a Canadian citizen, or is not otherwise a British subject, etc., applies for citizenship by filing a declaration of intention in the judicial district in which the applicant resides and that this shall be followed, not less than one year later, by an application to the court for a decision establishing that he is qualified and fit to be granted a certificate of citizenship.

Applications by Canadians, or by British subjects, are made direct to this department.

You will find the definition of "clerk" or "clerk of court" set out in section 2(e) of the Act, and you will find a further reference to the courts in paragraph (5) of the Regulations. We make use of the various courts across Canada for the purpose of applications for citizenship and there are approximately three hundred and seventy-four (374) of these courts from coast to coast.

I understand that the centres in Newfoundland in which courts are located are comparatively few in number. It would be necessary, however, for this department to know the location of these courts and to have the name and title of the official with whom we shall eventually communicate for the purpose of setting up a procedure similar to that which obtains in Canada at present.

No doubt there has been a form of naturalization in Newfoundland and very likely there is an office in Newfoundland where these applications are made. It will be necessary for this department to have full information on that subject so that provision may be made for the transfer of all material in connection with naturalization in Newfoundland to the office of the Registrar of Canadian Citizenship in Ottawa. I only surmise that there is such an office in Newfoundland, but in any case we require whatever information may be obtained.

The Omnibus Act contains an amendment to the Canadian Citizenship Act (I believe it is section 44) in which the status of a person in Newfoundland is defined.

The foregoing is only a rough sketch of what will probably be necessary with respect to the administration of the Canadian Citizenship Act in Newfoundland

when the union is effective on April 1. I shall be very grateful, therefore, if you will make the necessary inquiries and obtain whatever information is deemed necessary in order to establish the procedure that may be required. No doubt it will be necessary for someone from this Branch to go to Newfoundland to make a personal survey and to instruct the person, or persons, who will be charged with the administration of our Act in Newfoundland.

Your co-operation and assistance in this matter will be greatly appreciated.

Yours sincerely,

J. E. DUGGAN

1139.

10300-D-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

DESPATCH

St. John's, March 8, 1949

Sir,

May I refer to my despatch No. 399 of March 7th, 1949, and to my teletype No. R.17 of the same date with respect to the matter of the new Seal for the Province of Newfoundland.

2. I conferred with Dr. Vincent Burke today and received the following information from him.

3. In paragraph 4 of the despatch under reference I stated that, on the information received from Sir Edward Emerson, the Arms of Newfoundland appeared on the Seal. This information, however, is not correct as the Arms of Newfoundland are entirely different from anything that appears on the Seal.

4. Dr. Burke brought to my office a copy of the Arms of Newfoundland which were issued under Letters Patent by King Charles I in 1637. He had only one copy which was in colour but will endeavour to obtain a duplicate copy for me today and I will forward it to you. I have no doubt, however, that you will find the official Arms of Newfoundland in any book of heraldry. The official Arms of Newfoundland are somewhat similar to the Arms of Nova Scotia, except that there are two Indians instead of one standing on either side of the shield.

5. What appears on the lower half of the Seal of Newfoundland is what Dr. Burke calls "the Badge of the Colony." He tells me that the same Badge appears on the official flag of Newfoundland, which is the blue ensign for naval vessels and the red ensign for merchant marine with the Badge of the Colony in the corner. They have no naval vessels in Newfoundland but I understand that the blue ensign is flown on ships owned by the Customs Department of Newfoundland.

6. With Dr. Burke's assistance I have been able to read the lettering on the Seal which is as follows:

On the outer rim there is the following:

GEORGIVS VI DEI GRATIA
MAG BR. HIB. ET TERR. TRANSMAR.
QUAE IN DIT. SVNT BRIT.

Immediately below the Crown at the top of the Seal are the words:

HONI SOIT QUI MAL Y PENSE

Below the Crown and the unicorn in the centre of the Seal are the words:

DIEU ET MON DROIT

Below these words is what Dr. Burke calls the Badge of the Colony.

Immediately beneath the Badge are the words:

HAEC TIBI DONA FERO

Immediately beneath these words is the one word:

NEWFOUNDLAND

In the half circle immediately below "Newfoundland" are the words:

REX FIDEI DEFENSOR IND. IMP.

7. It is obvious that the Seal at present in use cannot be used by the new Province of Newfoundland.

8. Sir Edward Emerson was to confer with Sir Albert Walsh today with respect to the form of a new Seal. Unfortunately Sir Albert is laid up at his home and he may not be able to confer with him today. I will advise you as soon as I have any information from Sir Albert or the Acting Administrator, Sir Edward Emerson, as to the form of the Seal.

I have etc.

C. J. BURCHELL

1140. 10300-D-40

Le secrétaire exécutif, l'Association canadienne de l'éducation, au sous-secrétaire d'État aux Affaires extérieures

Executive Secretary, Canadian Education Association, to Under-Secretary of State for External Affairs

CONFIDENTIAL Toronto, March 8, 1949

Attention: Mr. A. A. Day

Dear Mr. Day,

It might be of interest to the officer in charge in your Department of our relations with Newfoundland if you passed this letter to him together with the attachments.† I believe this is Mr. R. A. MacKay, with whom I have some acquaintance.

It will be noted that it is our purpose to have some common observance in the schools of Canada of the entry of Newfoundland on March 31st, 1949. This proposal was first explored as to its desirability with the Secretary of Education in Newfoundland.

I have learned that except for one province where the proposal is being studied, and another in the West from which no reply has been received either verbally or in writing, that the suggestion contained in my letter to the various Ministers of Education will be observed.

You will note that for certain policy reasons this Association is not making any public announcement, nor drawing this matter to public attention. I thought, however, that Mr. MacKay would be interested to learn, through this confidential correspondence, that some special attention was being paid in the schools to union with Newfoundland. I may say that in a number of cases the replies of the Ministers were quite enthusiastic.

Yours very truly,

F. K. STEWART

1141. 10300-D-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELETYPE R. 20 St. John's, March 11, 1949

Following for MacKay from Burchell, Begins: Reference my teletype No. R.17 of March 7th and your telegram No. R.17 of March 9th,† Great Seal for Newfoundland.

An imprint of the present Seal was put in airmail on Monday but owing to delay in airmail will probably not reach you before tomorrow. The desire here is to retain the same Seal with the necessary alterations in the King's title. It is however a very elaborate Seal and could not be reproduced unless original was sent to Ottawa. This is impossible because Seal will be required here by Commission of Government until 31st March. The suggestion of Walsh and Carew is that the Lieutenant-Governor-in-Council under Section 10 of the Terms of Union should approve the existing Seal as the Great Seal of the Province as a temporary Seal. The same Order-in-Council could direct the Provincial Secretary to order a new Seal containing the necessary corrections in the King's title. A new Seal can then be ordered and another Order-in-Council can then be passed changing the present Seal and approving of the new one. Please advise if you think this procedure will be satisfactory. Both Walsh and Carew think this procedure is the best one to follow. Ends.

1142. 10300-D-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELETYPE 198 St. John's, March 16, 1949

I have an enquiry from one of the Government officials here as to whether or not we have two official flags in Canada or only one and if so what it is. Also what flag should be flown on provincial buildings after March 31st? I have a similar enquiry as to whether we have two official national anthems or only one. Please instruct.

1143. 2868-D-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

TELETYPE 202 St. John's, March 16, 1949

The Secretary for Home Affairs tells me that his office is making preliminary arrangements for the naming of holidays for the first six months of the coming fiscal year. A difficulty arises in connection with the month of April. In that month Newfoundland normally observes two holidays, Good Friday and St. George's Day which falls on April 23rd. The Secretary for Home Affairs says that he presumes that Easter Monday would be observed as a public holiday in Newfoundland as in other parts of Canada. This would mean that there would be two holidays during the week of April 17th. As this is not considered desirable, the only course at present open to the Newfoundland authorities would appear to be to cancel the holiday which would normally fall on St. George's Day. This would involve an amendment to the St. John's Shop Act and the passage of an Order-in-Council cancelling the observance of this holiday in other areas of the country. In one area it would also involve the issuance of a special order by the Department of Home Affairs.

2. As this is a very cumbersome procedure which the Newfoundland suthorities are anxious to avoid, the Secretary for Home Affairs has asked me to enquire informally if it would be possible for Newfoundland to observe Good Friday and St. George's Day as holidays in April and to ignore the public holiday on Easter Monday. He realizes that there might be some difficulty about this insofar as the banks are concerned, but wonders if it could be left to the banks to observe the holiday if necessary and at the same time not to require the balance of the population to observe the holiday.

3. Apart from the consideration raised in the previous paragraph, it would probably be desirable to arrange matters so that Newfoundland could at least for this year continue to observe St. George's Day. It has been the practice here for a very long time to have a public holiday on St. George's Day, St. Patrick's Day and Burns' Day, in deference to the three main racial groups represented in the country. A holiday has already been observed this year on Burns' Day, and St. Patrick's Day will be a public holiday as usual. It would therefore be desirable if

at all possible to allow the holiday on St. George's Day to continue this year as usual.

4. I would very much appreciate receiving your advice in this matter before Friday as the Secretary for Home Affairs wishes to be in a position to advise the Government on this matter by that date.

1144. 2868-D-40

Extrait d'un télétype du secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Extract from Teletype from Secretary of State for External Affairs to High Commissioner in Newfoundland

TELETYPE 299 Ottawa, March 17, 1949

IMMEDIATE. Your teletype No. 202 of March 16.

Holidays in Newfoundland during April.

2. As you know there is no general Statute which names all the federal statutory holidays. The matter is dealt with in various Statutes for different purposes. Thus the Civil Service Act names the holidays for the federal government service. The Bills of Exchange Act names the national holidays which are non-juridical. We are informed that there is no federal Statute which prescribes legal holidays for factories, businesses and the population generally.

3. You may therefore indicate to the Newfoundland authorities that as regards Easter Monday there is no possibility of any such general Statute becoming applicable to Newfoundland. At the same time it is thought to be likely that the Bills of Exchange Act will be extended by proclamation in accordance with Term 18(2) of the Terms of Union. If that should be done the Banks would of course be required to observe the holiday. In general it seems evident that the Newfoundland authorities are under the impression that in Canada people are not permitted to work or carry on other normal activities on the days in question but that is not the case.

. . .

1145. 10302-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

DESPATCH 68 Ottawa, March 18, 1949

I enclose a copy of a letter under date of March 7, from the Registrar of Canadian Citizenship together with a copy of our reply of today's date regarding arrangements for naturalization in Newfoundland under the Canadian Citizenship Act.

2. For your ready reference the relevant sections of the Canadian Citizenship Act are as follows:

2(e) "Clerk" or "Clerk of the Court" includes all officers exercising the functions of prothonotary, registrar or clerk of any court having jurisdiction under this Act, and, where a person is designated by the Governor in Council as a court under this Act, means the said person; 2(h) "Court" means any Superior, Circuit, County or District Court . . . etc.

3. I shall be grateful if you will consult the appropriate Newfoundland authorities in order to verify the statements made in the letter to the Registrar.

I have etc.

E. REID
for the Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Le sous-secrétaire d'État aux Affaires extérieures au greffier de la citoyenneté canadienne, le secrétariat d'État

Under-Secretary of State for External Affairs to Registrar of Canadian Citizenship, Department of Secretary of State

Ottawa, March 18, 1949

CANADIAN CITIZENSHIP ARRANGEMENTS FOR NEWFOUNDLAND

I refer to your letter of March 7 in which you enquired about the following two points regarding naturalization arrangements in Newfoundland:

(a) The system of courts in Newfoundland and the officials that qualify as clerks as defined in section 2(e), Canadian Citizenship Act.

(b) The naturalization office in Newfoundland.

With regard to (b) Mr. Harold R. Pippy of the Newfoundland Department of Home Affairs has been in charge of naturalization as well as patents, trade marks and copyrights. Your Mr. Shuttleworth is, I believe, concerned with the future status of Mr. Pippy. We are informed that the Assistant Deputy Custodian and the Commissioner of Patents expect to fly to Newfoundland on Saturday, March 19. They will, no doubt, be speaking with Mr. Pippy and might be able to obtain information for you regarding naturalization. If not, we shall be glad to ask the Canadian High Commissioner in St. John's to do so.

With regard to (a) there is the Supreme Court of Newfoundland which is both a Court of Appeal and sends Judges on circuit. It has a Registrar, a Deputy Registrar and two Clerks. It is situated in St. John's. There is also in St. John's the Central District Court presided over by a Judge and having an officer who is Clerk of the Peace and Assistant Magistrate. It is a Court of the First Instance for the whole island. The statute of 1916 provides for a District Court at Harbour Grace but according to the Newfoundland estimates this Court is not functioning. There are also twenty-one resident stipendiary Magistrates who replaced the Justices of the Peace in Quarter Sessions by statute in 1916. They are, neverthe-

less, *ex officio* Justices of the Peace. According to a 1940 list, the following places have District (stipendiary) Magistrates:

Corner Brook
Grand Falls
Bonavista
Holyrood
Grand Bank
Placentia
St. Anthony

and the following have Assistant District Magistrates:

Belle Isle
Bonne Bay
Burgeo
Carbonear
Clarenville
Ferryland
Greenspond
Harbour Breton
La Scie
Marystown
Springdale
St. George's
St. Mary's
Twillingate

We are sending a copy of this letter to the High Commissioner in St. John's in order that he might verify the above facts.

R. A. MacKay
for the Under-Secretary of
State for External Affairs

1146. 10300-D-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

Despatch 435 St. John's, March 24, 1949

Sir,

May I refer to my teletype No. 198 of March 16th in which I asked for information about the Canadian flag. I have received no reply to this teletype.

2. A prominent Newfoundlander brought this matter up with me recently and he told me he had obtained the following information from a source in Canada which he believes to be reliable. This information was as follows:

"*The UNION JACK is the only Official Flag of Canada.* It is the National flag for Canada (as for all British Dominions). The Secretary of State for the Colonies stated this in a reply dated May 21, 1912 — to an inquiry from Canada.

The CANADIAN RED ENSIGN (with Canadian Coat of Arms) although not a flag proper, has been authorized by the Canadian Government as follows:

Canadian Order in Council 134, January 26th, 1924 authorized the display of the Red Ensign (with Canadian Arms) on suitable occasions for all buildings owned or occupied by the Canadian Government and situate *outside* of Canada.

Canadian Order in Council 5888, Sept. 5th, 1945, declared the Red Ensign (with Canadian Arms) to be appropriate for use *within* and without Canada whenever the place or occasion might make it desirable to fly a distinctive Canadian Flag."

3. He also obtained the additional information that the Union Jack is the flag which is always flown on the flagstaff in front of the Parliament Buildings in Ontario.

4. Please let me know if this information is correct.

I have etc.

C. J. BURCHELL

1147. 10300-D-40

Le directeur, les services financiers, le Bureau de poste, au haut commissaire en Grande-Bretagne

Director, Financial Services, Post Office, to High Commissioner in Great Britain

Ottawa, March 26, 1949

Dear Sir,

Your telegram No. 630 of the 25th March,† for the Deputy Postmaster General, has been referred to me for action. I take pleasure in enclosing for the event described a sheet of fifty 4-cent Newfoundland Commemorative Postage Stamps and fifty Circulars that will be displayed in Post Offices in Canada and Newfoundland announcing this stamp.

Kindly ensure that the mint stamps are not affixed to postage matter and I suggest that they be destroyed when they have served their purpose.

Yours sincerely,

L. J. MILLS

1148. 10300-D-40

Mémorandum du chef, la direction du Commonwealth britannique, au chef, la direction du protocole

Memorandum from Head, British Commonwealth Division, to Head, Protocol Division

Ottawa, March 31, 1949

It occurs to me that it might be advisable to send a circular telegram to all Missions, including Consulates, to fly the flag to-morrow, April 1, in order to mark the Union of Newfoundland with Canada. Could you arrange this?

R. A. M[ACKAY]

1149. PCO-CRF/Vol. 2408

Décret en Conseil

Order in Council

P.C. 1608

Ottawa, April 1, 1949

The Right Honourable Louis S. St. Laurent, the Prime Minister, submits for Your Excellency's pleasure that Frederick Gordon Bradley, Esquire, one of His Majesty's Counsel learned in the law, be a member of the King's Privy Council for Canada.

LOUIS S. ST. LAURENT

Approved.

ALEXANDER OF TUNIS

1150.

PCO-CRF/Vol. 2408

Décret en Conseil

Order in Council

P.C. 1609

Ottawa, April 1, 1949

The Committee of the Privy Council, on the recommendation of the Right Honourable Louis S. St. Laurent, the Prime Minister, advise that a Commission under the Great Seal of Canada do issue appointing the Honourable Frederick Gordon Bradley, a Member of the King's Privy Council for Canada, to be Secretary of State of Canada.

LOUIS S. ST. LAURENT

Approved.

ALEXANDER OF TUNIS

1151.

PCO-CRF/Vol. 2408

Décret en Conseil

Order in Council

P.C. 1610

Ottawa, April 1, 1949

The Right Honourable Louis S. St. Laurent, the Prime Minister, submits for Your Excellency's pleasure that Charles Jost Burchell, Esquire, one of His Majesty's Counsel learned in the law, be a member of the King's Privy Council for Canada.

LOUIS S. ST. LAURENT

Approved.

ALEXANDER OF TUNIS

1152.

10300-F-40

Le secrétaire d'État aux Affaires extérieures au bureaux du gouvernement du Canada à Terre-Neuve

Secretary of State for External Affairs to Canadian Government Offices in Newfoundland

TELETYPE 470 Ottawa, April 4, 1949

Following for the Lieutenant-Governor from the Under-Secretary of State, Begins:

1. Coloured reproduction of the Arms of Newfoundland appears in Part II of the book quote Flags, Badges and Arms of His Majesty's Dominions unquote and following description also given quote Arms: Gules a cross Argent, in the first and fourth quarters a Lion passant Guardant crowned Or; in the second and third quarters an Unicorn passant Argent, armed, maned and unguled of the third, and gorged with a crown, thereto a chain affixed passing between the forelegs and reflected over his back also Or Mantled Gules doubled Argent. Crest: On a Wreath Or and Gules an Elk passant proper. Supporters: Two Savages of the clime armed and apparelled according to their guise when they go to war. Motto: *Quaerite prime regnum Dei*. Granted by Royal Letters Patent dated 1st January 1637. Unquote.

2. Would be grateful if said reproduction and description could be confirmed immediately and copy of Arms sent. Honourable Mr. Bradley suggests that Dr. Vincent P. Burke, O.B.E. be consulted if necessary, end of quote. Ends.

1153. 10300-D-40

Mémorandum de la direction du Commonwealth britannique, au chef, la direction du Commonwealth britannique

Memorandum from British Commonwealth Division, to Head, British Commonwealth Division

Ottawa, April 8, 1949

CANADIAN FLAG AND NATIONAL ANTHEM

With reference to the attached teletype of March 16th, No. 198, and Despatch No. 435 of March 24th, you will recall that after a discussion with Protocol Division it was decided not to send the reply which had been drafted in answer to the enquiries regarding the Flag and the National Anthem.

2. Regarding the National Anthem, I understand that it was the subject of recent debate in the House, but I am not aware that any definite conclusion was reached.

3. It seems to me that this is a matter which might well be handed over to the Department of the Secretary of State under the heading of "unfinished business." At such time as a definite decision is announced regarding these two rather evasive questions, the appropriate authorities in Newfoundland can be advised together with those of the other Provinces.

G. S. M[URRAY]

1154. 10300-D-40

Mémorandum du ministère des Affaires extérieures

Memorandum by Department of External Affairs

SECRET Ottawa, April 12, 1949

NEWFOUNDLAND; ISSUE OF COMMEMORATIVE SILVER DOLLARS

At the meeting of Cabinet on April 8 the Cabinet noted with approval the report of the Minister of Finance and agreed that the design of the coin commemorating union of Newfoundland with Canada be decided by the Minister of Finance in consultation with the Secretary of State.

1155. 10300-D-40

Les bureaux du gouvernement du Canada à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Canadian Government Offices in Newfoundland to Secretary of State for External Affairs

TELETYPE 343 St. John's, April 13, 1949

Your teletype No. 470 of April 4th, Newfoundland Coat of Arms. Following from Bridle for the Under-Secretary of State, Begins: I have conveyed your message to the Lieutenant-Governor and he has referred the matter to the Minister of Home Affairs. The latter has written me to say that the design and description of the Arms of Newfoundland were correctly set out in your message to the Lieutenant-Governor.

I am sending you today a reproduction of the Arms which also bears the description. Ends.

PARTIE 6/PART 6

LES EFFETS DE LA CONFÉDÉRATION SUR LES RELATIONS EXTÉRIEURES DE TERRE-NEUVE ET DU CANADA

EFFECTS OF CONFEDERATION ON EXTERNAL RELATIONS OF NEWFOUNDLAND AND CANADA

SECTION A

RELATIONS BILATÉRALES

BILATERAL RELATIONS

SOUS-SECTION 1/SUB-SECTION 1

NOTIFICATION DES GOUVERNEMENTS

NOTIFICATION TO GOVERNMENTS

1156. 10300-F-40

Le haut commissaire adjoint de Grande-Bretagne au chef, la direction du Commonwealth britannique

Deputy High Commissioner of Great Britain to Head, British Commonwealth Division

851/76 Ottawa, March 22, 1949

Dear Mr. MacKay,

NEWFOUNDLAND

We discussed on 19th March what arrangements should be made for notifying other governments of the Union of Newfoundland with Canada. The suggestions resulting from our discussion were telegraphed to London and a reply has now been received.

2. The United Kingdom Government will arrange to notify foreign governments, through United Kingdom representatives abroad, as soon as the British North America Act has received the Royal Assent, that

"after 31st March, 1949, His Majesty's Government in the United Kingdom will no longer be responsible for Newfoundland, which will thereafter be a Province of Canada."

The notification will also be sent to the Secretary General of the United Nations. A similar communication will be made to other Commonwealth Governments.

3. I will let you know as soon as the date of the instructions and the list of the governments to whom the notification is being sent are received from London.

4. The Commonwealth Relations Office have been asked to arrange for copies of the communication to other governments to be given to Canadian representatives where there are any.

Yours sincerely,

G. B. SHANNON

1157. 10300-F-40

Le secrétaire d'État aux Relations avec le Commonwealth de Grande-Bretagne au haut commissaire de Grande-Bretagne

Secretary of State for Commonwealth Relations of Great Britain to High Commissioner of Great Britain

TELEGRAM Y. 129 London, March 24, 1949

IMPORTANT. Addressed High Commissioners in Australia, New Zealand, South Africa, India, Pakistan, Ceylon and U.K. representative Dublin repeated for information to High Commissioner in Canada.

Newfoundland.

Under schedule to British North America Act, 1949, which received Royal Assent last night, March 23rd, Newfoundland is due to enter Canadian Federation at Midnight on March 31st.

2. Please take early opportunity to notify Commonwealth Governments in the following terms. Begins.

After March 31st, 1949, His Majesty's Government in the United Kingdom will no longer be responsible for Newfoundland which will thereafter be a Province of Canada. Ends.

Copies of Act and supplementary material follow by despatch.

3. To Canberra, Wellington, Capetown, Delhi, Dublin only.

Please give copies of your communication before delivery to your Canadian colleagues.

1158. 10300-F-40

Le secrétaire d'État aux Relations avec le Commonwealth de Grande-Bretagne au haut commissaire de Grande-Bretagne

Secretary of State for Commonwealth Relations of Great Britain to High Commissioner of Great Britain

TELEGRAM 371 London, March 24, 1949

IMPORTANT. CONFIDENTIAL. My telegram today Y. No.129.

British North America Act received Royal assent last night 23rd March.

2. My immediately following telegram contains text of instructions being sent today to the following Foreign Office Posts, Addis Ababa, Amman, Angora, Asuncion, Athens, Baghdad, Bangkok, Beirut, Belgrade, Berne, Bogota, Brussels, Bucharest, Budapest, Buenos Aires, Cairo, Caracas, Ciudad Trujillo, Copenhagen, Damascus, Guatemala, The Hague, Havana, Helsinki, Holy See, Jedda, Kabul, Katmandu, La Paz, Lima, Lisbon, Madrid, Managua, Manilla, Mexico, Monrovia, Montevideo, Moscow, Nanking, Oslo, Panama, Paris, Port-au-Prince, Prague, Quito, Rangoon, Rio de Janeiro, Rome, San José, San Salvador, Santiago, Seoul, Sofia, Stockholm, Tegucigalpa, Tehran, Tokyo, Vienna, Warsaw, Washington.

3. You will observe from the list of Capitals set out in paragraph 2 above that we have not (repeat not) taken action in the case of Albania, Byelorussia, Ukraine and Israel. Reason is that we are not in diplomatic relations with the first three and not yet in full diplomatic relations with Israel.

4. Please inform Canadian authorities in above sense. We have of course informed Canada House.

1159. 10300-F-40

Le secrétaire d'État aux Relations avec le Commonwealth de Grande-Bretagne au haut commissaire de Grande-Bretagne

Secretary of State for Commonwealth Relations of Great Britain to High Commissioner of Great Britain

TELEGRAM 372 London, March 24, 1949

IMPORTANT. Newfoundland.

Following is text of instructions sent to His Majesty's Representatives in foreign countries. Begins.

Under schedule to British North America Act, 1949 Newfoundland is due to enter Canadian Federation at midnight on March 31st.

2. Please take early opportunity of presenting communication to Government to which you are (group omitted) [accredited] in following terms:

"After March 31st, 1949 His Majesty's Government in the United Kingdom will no longer be responsible for Newfoundland which will thereafter be a Province of Canada."

3. Despatch† follows enclosing copy of Act and supplementary material for guidance.

1160. 10300-F-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en France[268]

Secretary of State for External Affairs to Ambassador in France[268]

TELEGRAM 147 Ottawa, March 25, 1949

Please advise the Government to which you are accredited in a formal note as follows, Begins:

1. The Terms of Union agreed between representatives of Canada and Newfoundland and signed by them on December 11, 1948, have been approved by the Parliament of Canada and the Commission of Government of Newfoundland and confirmed by Act of the United Kingdom Parliament. The Union of Newfoundland with Canada will accordingly take effect immediately before the expiration of March 31, 1949, as provided in the Terms of Union.

2. On and after the date of Union, Newfoundland, including the territory known as the Coast of Labrador, will accordingly constitute the Province of Newfoundland. Ends.

3. It is understood that the United Kingdom has instructed its representatives abroad to notify similarly the Governments to which they are accredited. Your

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[268]Des télégrammes semblables furent envoyés à tous les postes à l'étranger sauf celles en Grande-Bretagne et à Terre-Neuve et les consulats.

[268]Similar telegrams were sent to all posts abroad except those in Great Britain and Newfoundland and the consulates.

note should be delivered after that of United Kingdom. Please consult your United Kingdom colleague regarding timing.

SOUS-SECTION II/SUB-SECTION II

REPRÉSENTATION/REPRESENTATION

1161. 10302-40

Le délégué commercial de Terre-Neuve en Grande-Bretagne au conseiller commercial, le haut commissariat en Grande-Bretagne

Trade Commissioner of Newfoundland in Great Britain to Commercial Counsellor, High Commission in Great Britain

London, January 17, 1949

Dear Mr. Bryan,

Following our conversation last week a point has occurred to me which you may think it advisable to refer to a higher authority.

It seems obvious that the title of this office must be changed after 31st March. In 1933 the title was High Commissioner and this was considered inappropriate when Dominion status was suspended in 1934.[269] It was changed to Trade Commissioner, but might have been Commissioner General or some other style, because the functions of the office have remained of the same varied nature, and have never been confined to Trade only.

I feel confident that the Newfoundland delegation to Ottawa selected from a cross-section of commercial interests could not have a proper appreciation of the functions of the office, and it is conceivable that the Canadian officials engaged in the discussions would assume that the title Trade Commissioner meant the same as in the Canadian service. The natural sequence would be to absorb the office into your service, as stated in the Memorandum to the Terms of Union.[270] If the office had been styled Commissioner General (for example) in 1934, the Memorandum might have indicated that "Trade Matters" would be absorbed by your office.

As Trade Commissioners are Federal appointments, and Provincial representatives are styled Agents General, it would appear to be desirable for the Provisional Government, who will carry on our affairs until a Provincial Government is elected, to issue a *Gazette* proclamation to the effect that the style of this office is changed from Trade Commissioner to Agent General, thus conforming with the other Provinces.

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[269] Il est intéressant de noter cependant que l'original de cette lettre avait comme en-tête les mots "Dominion of Newfoundland."

[270] Voir le paragraphe 5(b) de la section (xii) de la pièce jointe du document 805.

[269] It is interesting to note, however, that the heading of the original copy of this letter was "Dominion of Newfoundland."

[270] See paragraph 5(b) of section (xii) of the enclosure of Document 805.

It is understandable that your office would not want the responsibility of such matters as Veterans Affairs, Tourist Traffic, Distressed Merchant Seamen and others, Assistance and Advice to Provincial visitors to this country, and other matters not connected with trade. These matters can best be dealt with by a Provincial office.

These notes draw attention to the obvious necessity to change the title of this office after 31st March and to the continued need of maintaining the office in London. Nothing is contrary to the implied intention contained in the memorandum to the Terms of Union that trade matters will be absorbed by your office but they might clarify the position of this office and perhaps avoid some embarrassment at a later date.

Yours sincerely,

W. F. RENDELL

1162. 10302-40

Mémorandum du chef, la direction du Commonwealth britannique, à la direction administrative

Memorandum from Head, British Commonwealth Division, to Administrative Division

Ottawa, February 17, 1949

NEWFOUNDLAND TRADE COMMISSIONER — LONDON

The Deputy Minister of Trade and Commerce has sent us the attached letter of February 10[†] and enclosure[†] to enquire whether our Information Division could take on the present staff of the Newfoundland Trade Commissioner's office in London.

2. It seems to me that you will probably want to have more precise information about the personnel concerned. This might best be done through the High Commissioner in London. I suggest this for the added reason that, judging from Mr. Rendell's letter of January 17 the Trade Commissioner's office has been dealing with veterans' affairs and distressed merchant seamen, among other things. After Union, the former will be assigned to the Department of Veterans Affairs District Administrator in London, while the latter will fall to Canada House under the immediate direction of our Consular Division. It is quite likely that the Trade Commissioner has also been performing other consular functions all of which will devolve upon Canadian Government offices in London. You may, therefore, wish to consider whether the High Commissioner might not, with the concurrence of the Department of Trade and Commerce, the Civil Service Commission and the Newfoundland Commission of Government, invite Mr. Rendell to attend a meeting along with representatives of other Canadian Government Departments in London that are likely to be concerned.

3. Mr. Rendell himself might, of course, be suitable and willing to act somewhere as a Canadian Consular Officer.

R. A. MACKAY

P.S. As you probably know the federal Government is under obligation to offer Newfoundland civil servants in services taken over jobs in similar services of Canada without reduction in pay. R. A. M[ACKAY]

1163. 10302-40

Mémorandum du secrétaire, le sous-comité sur l'organisation des services administratifs, le Comité interministériel sur Terre-Neuve, à la direction du personnel

Memorandum from Secretary, Sub-Committee on Organization of Administrative Services, Interdepartmental Committee on Newfoundland, to Personnel Division

Ottawa, February 18, 1949

NEWFOUNDLAND TRADE COMMISSIONER IN NEW YORK

I take it that Mr. Bursey's letter of January 25† to Mr. Heasman arises out of paragraph xii 5(b) of The Statements on Questions Raised by the Newfoundland Delegation, which states: "The Department of Trade and Commerce will absorb into the [Canadian] Trade Commissioner Service the two Trade Commissioners in London and New York," and that our Department is concerned chiefly with the future employment of the Director of Tourist and Publicity Service, Mr. R. H. Tait. In connection with this same paragraph of the Statements, Mr. MacKay sent to you yesterday a copy of a memorandum regarding the Trade Commissioner in London.

Presumably, the Chief of the Consular Division already has the information about the New York office with which he will be concerned. I was on the point of suggesting to you that Mr. Heasman might be asked to send a copy of Mr. Bursey's letter to the Civil Service Commission. On second thought, however, it seems best for us to leave the situation as it stands, namely, consultation between Trade and Commerce and ourselves regarding Mr. Tait. The presumption is that Trade and Commerce have their own contact with the Civil Service Commission with regard to paragraph xii 5(b) of the Statements.

H. R. HORNE

1164. 10302-40

Extraits d'une lettre du conseiller commercial, le haut commissariat en Grande-Bretagne, au directeur, le service des délégués commerciaux, le service du commerce extérieur, le ministère du Commerce

Extracts from Letter from Commercial Counsellor, High Commission in Great Britain, to Director, Trade Commissioner Service, Foreign Trade Service, Department of Trade and Commerce

London, February 22, 1949

Dear Mr. Heasman,

NEWFOUNDLAND TRADE COMMISSIONER'S OFFICE

With further reference to my letter of February 10th,[†] I wish to advise that I called on the Newfoundland Trade Commissioner and spent an hour or so looking over his office and meeting the personnel.

The Newfoundland Office is situated at 58 Victoria Street, not far from the old offices of the Canadian High Commissioner before we took over Canada House. The building itself is in good condition, but on entering the Newfoundland Office on the sixth floor, one finds them to be very old-fashioned, out-of-date and badly in need of reconditioning. There are six rooms, each of which is heated by a fire grate — there being no central heating in the building. There is a lift in the building, but it only runs to the fifth floor. At the same time, these offices could, if reconditioned, be made very presentable.

The furniture in the offices is old, and out-of-date. There are very few pieces — furniture or equipment — there that we would wish to take over. Indeed, if it were decided that we should absorb these offices I would recommend that all the furniture and fittings should be sold by auction. There are, of course, one or two valuable things, such as a big office safe (for which we would have no use here), and one good rug (in the Trade Commissioner's room). Practically all the filing cabinets are of the old-fashioned wooden type, the drawers of which are cracked, and all are badly in need of varnish.

There is a quantity of exhibition material about which was used at the B.I.F. — caribou heads, stuffed animals, etc. There is one decent glass bookcase, and several other bookcases filled with directories of one kind and another and reference books on Newfoundland. They have about eight filing cabinets filled with Service records of the Newfoundlanders here on Service during the first war in the Newfoundland Regiment. During the second war, the Newfoundlanders came over and joined up with Imperial Troops, and they also have some of these records.

The taking over of the staff will present quite a problem to us. The question is where to place them.

. . .

I was surprised to find that the Newfoundland Trade Commissioner's Office has never done very much work on the commercial side. Colonel Rendell tells me that they seldom prepare reports on trade matters and in fact this has never been required of them. They have very few trade enquiries. Those that are received are handled by Mr. Murphy. Occasionally someone from Newfoundland will call in, but they are, and have been for some years, quite inactive so that in my opinion the naming of this post as a Trade Commissioner's Office is a misnomer.

When you take away the work involved in looking after the Newfoundland Service records and transfer it to our Department of Veterans Affairs; when you take away the distressed seamen's work and transfer it to our Department of Transport and Canada House; when you take away the exhibition work and

transfer it to our Exhibition Commission; and when you take over any immigration enquiries and turn them over to our Department of Immigration, London; and after turning over the work involved in looking after the Newfoundland war graves in France to the Canadian War Graves Commissioner, there is really nothing left for Trade and Commerce to absorb, aside from a quantity of old, broken-down furniture, and some dilapidated office accommodation — which, it is true, is available at a very reasonable rent, in spite of its condition (it works out at 7s. 6d. per sq.ft.).

After saying all this, I am in a quandary as to whether Trade and Commerce should be responsible for absorbing this office, or whether it should not be a combined operation by the Department of Veterans Affairs, External Affairs (in connection with repatriation of Newfoundlanders and distressed seamen), and the Department of Immigration. If so, this would relieve us of any further action in the matter, and I could offer all the information I have developed to, say, the Administrative Secretary at Canada House.

I shall look forward to receiving your further instructions in the matter.

Yours faithfully,

A. E. BRYAN

1165. 10302-40

Extrait d'une lettre du président, le sous-comité sur l'organisation des services administratifs, le Comité interministériel sur Terre-Neuve, au sous-ministre du Commerce

Extract from Letter from Chairman, Sub-Committee on Organization of Administrative Services, Interdepartmental Committee on Newfoundland, to Deputy Minister of Trade and Commerce

Ottawa, March 10, 1949

NEWFOUNDLAND TRADE COMMISSIONER IN LONDON

I refer to your letter of February 10† enclosing a letter of January 17 from Colonel W. F. Rendell to the Commercial Counsellor in London regarding the future of the Newfoundland Trade Commissioner's office.

2. At the meeting held in Room 115, East Block, on March 4 at which Mr. Heasman was present, it was suggested that any staff of Colonel Rendell's office that could not be absorbed in accordance with paragraph xii 5(b) of the Supplementary Memorandum be brought to the attention of the Civil Service Commission.

3. This proposal has now been confirmed by a full meeting of the Sub-committee on Organization of Administrative Services (Interdepartmental Committee on Newfoundland) held on March 8.

. . .

JOSEPH E. HOWES

1166. 10302-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

DESPATCH 66 Ottawa, March 17, 1949

Sir,

I have the honour to refer to paragraph (xii) 5(b) of the Statements on Questions Raised by the Newfoundland Delegation dated December 11, 1948.

2. It has become evident that the office of the Newfoundland Trade Commissioner in London is not an office of the kind normally maintained abroad by the Department of Trade and Commerce. Its functions are more those of a High Commissioner's office on its quasi-consular side, and its staff is not, as far as we know, trained so that it could be readily taken into the Foreign Trade Service. The intention of the Canadian Government to employ the Trade Commissioner in London, as in New York, is expressly declared in the document under reference, and is not the concern of this despatch.

3. This despatch is concerned with the transfer of functions, rather than of staff, from the London office to one or other of the Canadian Government offices in London. The High Commissioner in London agrees with us that the division of work of the Newfoundland Trade Commissioner in London will be as follows:

(a) Immigration work to the Superintendent of European Emigration at Weymouth Street;

(b) Distressed Newfoundland seamen to the High Commissioner's office;

(c) Passport and other strictly consular work to the High Commissioner's office;

(d) All matters relating to veterans to the District Administrator in the United Kingdom for the Department of Veterans Affairs.

4. The Newfoundland Government have no doubt already realized that the Commercial Secretary and his assistants, all of whom are on the staff of the High Commissioner in London, perform the duties of the office of the senior Canadian trade commissioner in the United Kingdom and there can therefore be no question of continuing the Newfoundland office as an overseas office of the Foreign Trade Service.

5. I shall be obliged if you will bring the above points to the attention of the Newfoundland Government and inform them that we propose with their concurrence to arrange the transfer of work and all necessary files to the appropriate Canadian Government office in London at the time of Union. You might also at the same time ask for their concurrence in our dealing direct with Colonel Rendell and his staff in all these matters.

I have etc.

W. D. MATTHEWS
for the Secretary of State
for External Affairs

1167. 10302-40

Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Newfoundland to Secretary of State for External Affairs

TELETYPE 272 St. John's, March 31, 1949

Your despatch No. 66 of March 17th, transfer of functions from the Newfoundland Trade Commissioner in London.

The Commission of Government raise no objection to the transfer suggested and agree that we may deal directly with Colonel Rendell and his staff in these matters. The Acting Commissioner for Natural Resources is today cabling Colonel Rendell to this effect.

The Commissioner comments that the action proposed to be taken is without prejudice to the Canadian Government's undertaking to offer employment to the Trade Commissioner and his staff.

SOUS-SECTION III/SUB-SECTION III

QUESTIONS CONSULAIRES/CONSULAR MATTERS

1168. 9551-40

Le secrétaire d'État aux Relations avec le Commonwealth de Grande-Bretagne au secrétaire d'État aux Affaires extérieures

Secretary of State for Commonwealth Relations of Great Britain to Secretary of State for External Affairs

DESPATCH 64 London, May 27, 1948

Sir,

With reference to your despatch No. 51 of the 11th March† regarding the issue of Exequaturs to foreign consular representatives in Canada, I have the honour to inform you that if any future notifications of appointments of foreign consular officers in Canada are received by His Majesty's Government in the United Kingdom from foreign representatives the latter will be invited to communicate direct with the High Commissioner for Canada in London.

2. On the other hand, if the Head of a foreign Mission or a foreign Consular Officer in Canada should notify the Canadian authorities of the appointment of a consular officer to a post in Canada with a consular district including Newfoundland, or, as is not unlikely, to a post in Newfoundland, it is hoped that the Canadian authorities will for their part, invite the Head of Mission or Consular Officer to cause a separate notification of the appointment to be addressed to His Majesty's Government in the United Kingdom through the normal diplomatic channel.

3. In order that particulars of foreign consular representation in Canada may be included in the Foreign Office List and the Diplomatic and Consular Year Book, I should be grateful if you would continue to inform me when such appointments are recognized.[271]

I have etc.

PHILIP NOEL-BAKER

1169. 10-EL-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis[272]

Secretary of State for External Affairs to Ambassador in United States[272]

CIRCULAR DESPATCH CONSULAR 11 Ottawa, March 25, 1949

Sir,

NEWFOUNDLAND

I have the honour to refer to the Union of Newfoundland with Canada which, it is anticipated, will become effective on March 31, 1949.

2. There are two Consular matters involved in the union which I believe warrant particular consideration at this time. They are (a) the provision of passport facilities to Newfoundlanders who become Canadian citizens and (b) the extension of the operation of the Immigration Act to Newfoundland as a province of Canada.

3. In Amendment No. 13 to the Consular Instructions provision was made for the issuance, after Union, of Canadian passports to Newfoundlanders who will have become Canadian citizens by reason of Union, in replacement of Newfoundland passports already held. When the legislation amending the Citizenship Act comes into force it will be possible to determine the classes of Newfoundlanders who will be Canadian citizens. For reference only, I enclose a copy of Section 46 of the Statute Law Amendment (Newfoundland) Bill in the form in which it has been passed by Parliament. It is expected that only a few Newfoundlanders will request passport facilities at our missions abroad.

4. On March 31, by Proclamation the provisions of the Immigration Act and Regulations will extend, *mutatis mutandis*, to Newfoundland as a province of Canada. However, transit visas will not be necessary for any air passengers

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[271]La note suivante était écrite sur cette dépêche:

[271]The following note was written on the despatch:

No reply necessary. Situation will change in March 1949. Re par. 3. C[ommonwealth] R[elations] O[ffice] are on our mailing list for Can. Reps. and Dipl. list.[271a] W. H. M[EASURES] 17-viii-48

[271a]*Représentants du Canada à l'extérieur et représentants des autres pays au Canada.*

[271a]*Canadian Representatives Abroad and Representatives of Other Countries in Canada.*

[272]Cette dépêche circulaire fut envoyée à tous les chefs de mission à l'étranger.

[272]This circular despatch was sent to all heads of mission abroad.

passing through the international airport at Gander or the alternate at Goose Bay when the next scheduled place of landing is not Canada.

5. After the date of Union you will, of course, extend to Newfoundlanders who become Canadian citizens the same assistance and protection which at present you give to Canadian citizens.

I have etc.

L. G. CHANCE
for the Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Section 46 du Bill sur l'amendement de la jurisprudence (Terre-Neuve)
Section 46 of Statute Law Amendment (Newfoundland) Bill

46. The Canadian Citizenship Act, chapter fifteen of the statutes of 1946, is amended by adding thereto, immediately after section forty-four thereof, the following section:

"44A. (1) A person who was a British subject on the first day of April, nineteen hundred and forty-nine and

(i) was born in Newfoundland;

(ii) was naturalized under the laws of Newfoundland; or

(iii) had Newfoundland domicile in Newfoundland on the said first day of April; is a Canadian citizen.

(2) A person who is a Canadian citizen by virtue of paragraph (i) of subsection one is a natural born Canadian citizen.

(3) A person who is a Canadian citizen by virtue of paragraph (ii) of subsection one shall be deemed to have been naturalized under the laws of Canada, and a certificate of naturalization issued under the laws of Newfoundland shall be deemed to have been issued under the laws of Canada at the date thereof.

(4) A person who is a Canadian citizen by virtue of paragraph (iii) of subsection one, shall be deemed to have become a Canadian citizen on the day he acquired Newfoundland domicile.

(5) For the purposes of this Act, residence in Newfoundland, shall be deemed to be residence in Canada, and Newfoundland domicile means domicile in Newfoundland for at least five years."

SECTION B

DROITS ET OBLIGATIONS CONVENTIONNELS

TREATY RIGHTS AND OBLIGATIONS

SOUS-SECTION I/SUB-SECTION I

GÉNÉRALITÉS/GENERAL

1170. 10477-40

Le haut commissaire en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

High Commissioner in Great Britain to Secretary of State for External Affairs

TELEGRAM 1793 London, October 13, 1948

RESTRICTED. Following for Legal Adviser from Wershof, Begins: Your letter of October 7th† re treaties affecting Newfoundland. Before submitting your enquiry to the United Kingdom authorities I should like to know whether your enquiry is limited to treaties expressly mentioning Newfoundland or whether you are asking also for a list of all treaties now in force which extended to all of His Majesty's territories and therefore automatically to Newfoundland. If you are asking for the latter, it may involve a pretty big piece of research for the Foreign Office. I personally doubt whether there is any particular reason to worry about old treaties which extended to all of His Majesty's territory.

2. As soon as you clarify the point discussed above I shall submit your enquiry to the Commonwealth Relations Office. I do not think that it would be wise for us to go direct to the Foreign Office on a matter relating to Newfoundland.

3. I assume that you would like to get the information as soon as possible but I should like to know just what degree of urgency you attach to your request. If at all possible, I should like to suggest to the Commonwealth Relations Office a reasonable period for the preparation of the material you require. Ends.

1171. 10477-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne

Secretary of State for External Affairs to High Commissioner in Great Britain

TELEGRAM 1671 Ottawa, October 14, 1948

RESTRICTED. Following for Wershof from Hopkins, Begins: Your telegram No. 1793 of October 13 re treaties affecting Newfoundland. Enquiry relates to all treaties now in force binding upon Newfoundland. I realize much research will be required but it is essential to know what obligations may be inherited.

2. I agree that enquiries should be channelled through Commonwealth Relations Office.

3. In view of largeness of task it would be unreasonable to expect the required information in the very near future. It would be appreciated if information could be received by early November. Ends.

1172. 10302-A-40

Le haut commissaire en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

High Commissioner in Great Britain to Secretary of State for External Affairs

TELEGRAM 144 London, January 18, 1949

SECRET. Following for Legal Adviser from Wershof, Begins: Your telegram No. 102, January 15th,[273] Newfoundland Treaty position.

The Foreign Office and the Commonwealth Relations Office have been working on a detailed study of all the treaties and agreements affecting Newfoundland. A lengthy memorandum† has been prepared as a result of this study and the Foreign Office is confident that it will be possible to give me that memorandum on Wednesday or at the latest Thursday of this week. In view of that, it seems to me that the discussion that you wish me to have with the United Kingdom authorities should be delayed for a few days until I have received and read the memorandum.

2. Unless I hear from you to the contrary I shall assume that you consent to this delay.

3. In view of the tremendous amount of work the United Kingdom authorities have put into this study, it seems to me that it would be a pity to hold any discussion just before the results of the study are expected to be available to us. Ends.

1173. 10452-B-40

Extraits d'un télégramme du haut commissaire en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

Extracts from Telegram from High Commissioner in Great Britain to Secretary of State for External Affairs

TELEGRAM 412 London, February 22, 1949

CONFIDENTIAL. For Legal Adviser from Wershof, Begins: Your telegram No. 347 of February 21st,† effect of union upon Newfoundland agreements.

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[273]Document 1188.

I had a meeting today with Foreign Office and Commonwealth Relations Office legal people; Sir Eric Beckett presiding. Before reporting on the main discussion I wish to report two preliminary points.

2. The Foreign Office annexes will of course have to be revised in the light of the errors and omissions that have been discovered in London and Ottawa. This revision does not present serious problems and is just a matter of getting the records straight. Although, in our discussion today, reference had to be made to the unrevised annexes, the points of substance will not be affected by the revision.

. . .

4. The main propositions that you wished me to discuss were stated by me as follows:

(a) All treaties and treaty obligations applicable to Newfoundland other than those of a local character connected with Newfoundland territory, will automatically cease to apply to Newfoundland at the time of union with Canada.

(b) All treaties applicable to Canada will automatically apply to Newfoundland, as part of Canada, from the time of union.

If the United Kingdom Government agrees with Canada that action should be based on the two principles stated above, there will be the following consequences:

(1) The only treaty obligations applicable to Newfoundland that will be inherited by Canada will be:

The 1941 Leased Base Agreement with the United States; Article I of the Convention of Commerce with the United States, signed October 20th, 1818.

(2) All treaties applicable both to Canada and to Newfoundland will continue to apply to Newfoundland but in a different way. They will apply to Newfoundland as a part of Canada and not in any other sense.

(3) All other treaties and treaty obligations applicable to Newfoundland will lapse completely as far as Newfoundland is concerned.

5. There is, of course, no argument about proposition (b). So far, Beckett has not (not) given an answer to proposition (a). Instead he asked that we examine all the treaties in Annexes b(1), b(2), b(3) and c(2) in order to see what practical problems they present. This examination was begun today and will be completed during the week. Although I made it clear that what Canada desires is an acceptance of the general legal proposition, I could not very well decline his suggestion. It is apparent that Beckett will be most reluctant to advise the United Kingdom Government to acquiesce in and act upon proposition (a). His reluctance is, I think, the result of several factors:

(1) He is doubtful of the legal soundness of the proposition.

(2) He would like to avoid stirring up an international legal dispute.

(3) He is afraid that, if the proposition is acted upon by the United Kingdom, in a few cases the other contracting parties might take out their displeasure on the United Kingdom Government. For example, the other contracting party might decide to use a general termination clause in the treaty i.e., to cancel a treaty as retaliation for the withdrawal of Newfoundland from the coverage thereof.

6. What Beckett wants therefore is to avoid the laying down of legal doctrine and to try by other means to achieve the desired end result (which is presumably to relieve Canada of obligations she does not wish to inherit).

. . .

8. I hope that these examples will help you to understand Beckett's approach. Do you think that there is any chance of Canada agreeing to it? I would point out that Canada cannot compel the United Kingdom to accept our view of international law. There will, I think, have to be some compromising on both sides.

9. We also had a preliminary word about the sending of notices to foreign Governments. So far as Annexes a(1) and (2) are concerned (i.e., treaties binding both Canada and Newfoundland) Beckett sees no positive reason for the sending of any notice either by the United Kingdom or by Canada. As for a(3) he thinks that the United Kingdom and Canada should each send notes, in terms to be settled; these are the treaties which Canada will inherit. We did not get around to c(1) and (2) today.

10. Referring to Annex a(3), can you confirm that the inheritance by Canada of Item (2), the Leased Base Agreement, also applies to Item (4), the exchange of notes of August and October, 1947?[274]

11. I wish to emphasize that we are still in the middle of the discussion. I have, I think, made clear what the Canadian authorities would like and the United Kingdom officials have not yet either accepted or rejected it. Ends.

1174. 10452-B-40

Extraits d'un télégramme du haut commissaire en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

Extracts from Telegram from High Commissioner in Great Britain to Secretary of State for External Affairs

TELEGRAM 430 London, February 25, 1949

CONFIDENTIAL. Following for Legal Adviser from Wershof, Begins: My telegram No. 412 of February 22nd, effect of union upon Newfoundland Agreements.

1. I had another meeting on February 23rd with Foreign Office and Commonwealth Relations Office lawyers, Vallat of the Foreign Office presiding. At Beckett's request we went through the treaties in Annex B(3) in the same manner as was done the day before in respect to Annexes B(1) and B(2).

. . .

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[274]Échange de notes entre les États-Unis et la Grande-Bretagne au sujet de la base à bail des États-Unis à Argentia à Terre-Neuve. Voir États-Unis, département d'État, *Treaties and Other International Acts Series*, (TIAS), N° 1809.

[274]Exchange of notes between the United States and Great Britain respecting United States leased base at Argentia, Newfoundland. See United States, Department of State, *Treaties and Other International Acts Series*, (TIAS), No. 1809.

3. We then turned to the treaties which are to be added to Annexes B(1), B(2) or B(3) as a result of your communications[. . .].

4. That completed the examination of the bilateral treaties applying to Newfoundland but not to Canada. There is no substantive problem arising out of those multilateral treaties which apply to Newfoundland but not to Canada. You will recall that the Foreign Office said in its letter of 24th January, 1949,[†] that the obligations under such multilateral treaties would not devolve upon Canada. On the question of notification to the Custodians of multilateral treaties, the Foreign Office view is the same for Annex C(1) as for Annex C(2). It is that no notes need to be sent either by the United Kingdom or by Canada to the Custodians of these multilateral treaties except in the following cases, if there are any:

Any treaty in which it is found that the Newfoundland Government has had direct communications with the Custodian of the Treaty or in which Newfoundland has been treated as a separate entity by the Custodian. The Foreign Office will go through the multilateral treaties to find out whether there are any such treaties. If there are, the Foreign Office would of course consult with you on the form of the notification to be sent by the Foreign Office to the Custodian. Although I previously urged the desirability of notification to the Custodians of all multilateral treaties I now think that the Foreign Office suggestion is a reasonable one and that we should not press the Foreign Office to go any further.

5. The Foreign Office will as soon as possible produce a revised edition of the Annexes. Apart from the individual omissions from the Annexes, three whole groups of treaties will have to be added in order to make the records complete:

(1) Visa Abolition Agreements which present no substantive problem;

(2) The Air Landing Rights Agreements, which you are handling in Ottawa and

(3) The numerous extradition treaties, most of which apply both to Canada and to Newfoundland.

6. I revert now to the main problem of the attitude to be adopted in respect of the treaties in Annexes B(1), B(2) and B(3), i.e. bilateral treaties applying to Newfoundland but not to Canada. (The following remarks have no application of course to the Air Agreements nor to the local agreements which you have already said Canada will inherit.) The Foreign Office is not suggesting that Canada should take over the obligations under any bilateral treaties unless Canada wants to. However if you press the Foreign Office for a yes or no answer to the legal proposition that these agreements automatically lapse at date of union, I am afraid that the Foreign Office will refuse to say yes. It is obvious that Beckett feels that the law is much too complicated and uncertain to be summed up in the straightforward proposition you have submitted. One of the many things that bothers the Foreign Office lawyers is that, even if it could be successfully argued that Canada is not obliged under International Law to take over the obligations, it does not necessarily follow that the United Kingdom as a contracting party is relieved from its responsibility to the foreign countries concerned. Therefore what Beckett wants to do is to avoid taking up a general legal position, and instead to send to each of the Foreign Governments a note in the form best calculated to pacify that particular Government. The final result will, it seems to

me, be identical with what you desire. You will have seen from the comments on each of the treaties that in no case does the United Kingdom suggest that Canada should inherit the obligations. What Beckett does want, and I think it might be regarded as reasonable from his point of view, is to be able when writing a foreign Government to sweeten the pill as much as possible, and to decrease the chances of any foreign Government deciding to make a legal argument out of it.

7. I am sure that you will carefully review the problem in the light of the Foreign Office views. If you decide to press for a direct answer from the Foreign Office to your general legal proposition, it might be more satisfactory if the Department of External Affairs were to instruct Canada House to send a formal letter to the Commonwealth Relations Office. It is quite clear to me that if I personally press Beckett for an answer to the legal proposition, the only answer he will give is that he does not agree with it in the form in which it is put to him.

8. Although I have, pursuant to your instructions, refrained from discussing the Air Agreements, it is clear from Beckett's whole attitude that, if it came to a show-down on these Agreements, his view would be that Canada most definitely does inherit the legal obligations. I trust that it will not get to the point of legal debate, and that the Canadian Government will succeed in persuading the Foreign Governments involved to give up some of their air rights in Newfoundland. Ends.

1175. 10452-B-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

TELEGRAM 215 Ottawa, March 5, 1949

CONFIDENTIAL. Effect of union on Newfoundland Agreements.

It is considered that all agreements concluded by or on behalf of Newfoundland should lapse at the time of union with the exception of agreements which have conferred proprietary (or quasi-proprietary) rights on Newfoundland territory (e.g. the Bases Agreement), while on the other hand Canadian agreements should apply to Newfoundland as from the date of union. This matter is still under discussion with the United Kingdom authorities. Should this matter be disposed of on the basis of the principles enunciated at the beginning of this paragraph, 36 bilateral agreements and 18 multilateral agreements applying to Newfoundland shall lapse at the time of union.

2. During the negotiation of the Terms of Union, the question of the effect of union on tariff privileges enjoyed by Newfoundland under Trade Agreements was informally raised at one point by the Newfoundland Delegation. By the time the Terms of Union were signed however, the discussion of this matter had only reached the preliminary stage and indications of Canadian views were never given. The question of Trade Agreements is now being closely examined by the Departments concerned.

3. I should appreciate being informed whether there is any indication that the Newfoundland authorities have given further consideration to this significant aspect of union. I should also appreciate knowing their reaction to the propositions outlined in the first paragraph above, should you see fit to mention this matter at some convenient opportunity.

4. In addition to the Bases Agreement it is thought that the only treaty obligations involving proprietary rights which will be assumed by Canada on the date of union are those involved in Article I of the 1818 Commercial Convention between His Majesty and the United States and also Articles II and III of the 1904 Convention between the United Kingdom and France, whereby fishing rights in Newfoundland territorial waters are granted to United States and French nationals respectively. (The text of the 1818 Convention may be found on page 15 of "Treaties between Canada and United States, 1814-1925").

5. Special problems have arisen in connection with the United Kingdom Air Agreements applying to Newfoundland. These Agreements are the subject of separate negotiations between Civil Aviation authorities in the United Kingdom and Canada and also foreign countries concerned. It is envisaged that the United Kingdom air rights in Newfoundland will be continued after union on an interim basis pending the renegotiation of present Air Agreements between Canada and the United Kingdom.

1176. 10452-B-40

Extraits d'un télégramme du secrétaire d'État aux Affaires extérieures au haut commissaire par intérim en Grande-Bretagne

Extracts from Telegram from Secretary of State for External Affairs to Acting High Commissioner in Great Britain

TELEGRAM 587 Ottawa, March 29, 1949

IMPORTANT. CONFIDENTIAL. Following for Wershof from Hopkins, Begins: Effect of union on Newfoundland Agreements.

With reference to paragraph 3† of your telegram No. 412 of February 22, there seems to be no doubt that Canada should assume the obligations involved in Article II of the 1904 Convention with France. However, in the light of the information received from the Newfoundland fishing authorities it would appear that the French have not availed themselves of their rights for a number of years while the United States have only used their rights under Article I of the 1818 Convention sparingly. It seems therefore that while the United States and French fishing rights are still technically valid, they may be regarded as practically obsolete. In these circumstances it is proposed that no commitment should be made to France or the United States with regard to Canada's assumption of the obligations involved in the 1818 and 1904 Conventions. The matter would thus be left in abeyance until it is raised by the United States or France, at which time the question would be re-examined. This course of action however, has yet to be approved by the Fisheries Department.

In the light of sub-paragraph 4(1) of your telegram No. 412 it would appear that we are already informally committed vis-à-vis the United Kingdom with regard to the 1818 Convention. While no formal commitment should be given with regard to either Convention there seems to be no objection to your conveying informally to the United Kingdom authorities the views enunciated above. You are at liberty therefore, to convey the Canadian point of view on this matter, should you deem this convenient.

. . .

3. Item 5 of paragraph 7. The United States were told informally that we consider that Newfoundland obligations under existing trade agreements will lapse on union. It is proposed to notify them officially next week.

4. Your paragraph 10 of telegram No. 412. Inheritance by Canada of the Exchange of Notes of August and October 1947 supplementing the 1941 Bases Agreement is hereby confirmed.

. . .

7. Your paragraph 5.

(1) Visa Abolition Agreements. We were told by the High Commissioner here that Newfoundland has Visa Abolition Agreements with Switzerland, Iceland, Norway, Sweden, Denmark, Italy and Luxembourg. Canada has no Visa Agreements with any of these countries. The High Commissioner has just informed us that the United Kingdom would send official notes of denunciation with regard to Newfoundland to the Governments concerned and that semi-official notifications had already been sent.

(2) Extradition Treaties.

. . .

(3) Air Agreements. During the discussion of this matter with a representative of the United Kingdom Ministry of Civil Aviation, it was obvious that the main interest of the United Kingdom was to see United Kingdom air rights in Newfoundland continued after union. Canada has agreed to such continuation in return for concessions in other areas. This will require revision of existing air agreements between the two countries. In the meantime present rights in Newfoundland will be confirmed by an interim arrangement. No objection of principle was raised by countries which were notified that their rights in Newfoundland would lapse from the time of union. As a practical arrangement, however, Canada has agreed to the extension of foreign rights in Newfoundland for a period of three months after union.

8. The question of legal principles involved and also of notifications in the case of agreements which are not concerned with trade is the subject of a separate telegram. Ends.

1177. 10452-B-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire par intérim en Grande-Bretagne

Secretary of State for External Affairs to Acting High Commissioner in Great Britain

TELEGRAM 640 Ottawa, April 2, 1949

IMMEDIATE. CONFIDENTIAL. For Wershof from Hopkins, Begins: Your telegram No. 682 of March 31.[275] Effect of union on Newfoundland Agreements.

I regret that it proved necessary to send notifications regarding Trade Agreements without prior co-ordination with the Foreign Office. After careful examination of this matter it was finally decided that these notifications had to be effected before union since they concerned important changes in Newfoundland tariff rates which took effect on union and which now govern current trade.

2. My telegram No. 586[276] intimated that notifications were only sent to countries which are parties to GATT.[277] I am now advised by the Economic Division that notifications were also sent to Argentina, Greece, Italy and Venezuela. In the case of Argentina and Venezuela both Canada and Newfoundland were parties to agreements signed by the United Kingdom in 1825 (supplemented in 1834 in the case of Venezuela). However Canada had separate agreements with these two countries which were concluded in 1941 (CTS[278] 1941, Nos. 17 and 5). The United Kingdom had already expressed its readiness to denounce the 1926 Trade Agreement with Greece. With regard to Italy we had no definite information that Newfoundland had treaty relations with this country. In order to keep the record clear you will no doubt wish to convey this information to the Foreign Office. It is considered doubtful whether the action taken by Canada in these four cases is likely to cause any inconvenience to the United Kingdom. You will recall that the United Kingdom had given its blessing to the carrying out of notifications to countries parties to GATT and that the suggestion that the text of our notification should be cleared with the United Kingdom was to be carried out only if time permitted.

3. I agree with the suggestion made by Vallat with regard to co-ordination between the two countries, in the event that Canada would decide to send such notifications.

4. With regard to Newfoundland Agreements which lapsed at the time of union it is not considered that Canada should notify foreign Governments concerned. In our view the responsibility in this case lies primarily with the United Kingdom as signatory of these Agreements.

5. On March 28, almost all foreign Governments were formally notified of the coming into effect of union as a result of which Newfoundland would become a Province of Canada. In view of this, it is not considered that there would be much point in notifying anew all countries that Canadian Agreements which did not apply to Newfoundland should be considered as applying to this Province as from April 1st, since this was implicit in the March 28 notification. Nor would there be much point for all practical purposes to send notifications with regard to agree-

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[275]Document 1208.

[276]Voir le document 1204. Le texte de la notification est reproduit dans ce document.

[276]See Document 1204. The text of the notification is printed in this document.

[277]General Agreement on Tariffs and Trade.

[278]Canada, *Recueil des Traités*.

[278]Canada, *Treaty Series*.

ments to which both Canada and Newfoundland were parties. The legal point mentioned in paragraph 2 of your telegram No. 388† could hardly be taken care of without referring specifically to the agreements involved with each particular country. This would involve a considerable amount of work for no substantial purpose.

6. On the question of legal principles, you will no doubt have noticed that our proposals are confirmed in one way or other by seven sources all of which are universally known, not to mention the Article of Mervyn Jones which confirms our position as of 1947. We have yet to find one author who contradicts any of the principles which we have put forward. The same may be said with regard to the practice of states. The only instance where the practice of states ran counter to one of our propositions is when the United States refused to extend to British Columbia the benefits of the Trade Agreement concluded at the time Canada only consisted of its eastern provinces. The circumstances of this case however were peculiar and at any rate relate to principle 4(b) of your telegram No. 412 and not with principle 4(a) with which the United Kingdom is primarily concerned.

7. The fact that the United Kingdom has not seen fit to contest any of our propositions is, I think, significant. With reference to paragraph 4 of your telegram No. 430,[279] I am not clear as to how it could be argued that Canada will not be bound by Newfoundland multilateral obligations while it might at the same time inherit bilateral obligations (incidentally, we have no trace here of the Foreign Office letter of January 29).

8. In view of Beckett's reluctance however to commit himself on the question of principles and also of the late hour, I do not think we should insist on reaching an understanding on the principles which should apply in the matter. The main object of course is that we reach our ends whatever the ways be by which this is achieved. Our primary aim is that Canada should not be expected by the United Kingdom and the international community to honour obligations involved in Newfoundland Agreements to which Canada is not a party.

1178. 10477-40

Le sous-ministre des Mines et des Ressources au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of Mines and Resources to Under-Secretary of State for External Affairs

Ottawa, April 7, 1949

Dear Mr. Heeney,

RE: MIGRATORY BIRDS CONVENTION ACT

The above-mentioned Act came into force in the Province of Newfoundland on April 1, 1949, pursuant to a Proclamation of the Governor-General-in-Council of

[279]Voir le document 1174.

[279]See Document 1174.

that date. It is not known whether Newfoundland and the United States of America had any Convention with regard to Migratory Birds prior to that date.

The question now arises whether the Convention set out in the Schedule to the above Act is binding on Canada insofar as the Province of Newfoundland is concerned? It is understood that your department has gone into this question, and it would be appreciated, therefore, if advice might be received on this matter.

Yours very truly,

H. L. KEENLEYSIDE

1179. 10302-A-40

Lettre du conseiller, le haut commissariat en Grande-Bretagne[280]

Letter by Counsellor, High Commission in Great Britain[280]

CONFIDENTIAL London, April 14, 1949

Sir,

I am directed by the High Commissioner to bring to your attention the views of the Canadian Government regarding the effect of Newfoundland's entry into Confederation upon the foreign treaty obligations which bound Newfoundland immediately prior to the date of union.

This subject has been under discussion informally for some weeks between the High Commissioner's representative and officials of the Commonwealth Relations Office and the Foreign Office. This letter has been drafted in the light of those discussions.

In the course of the discussions the Foreign Office prepared a list (a copy of which you have) of the treaties which applied to Newfoundland prior to the union. The list has three main sections:

A Bilateral Treaties applying to Newfoundland, to which Canada is a party: in three sub-sections marked (1), (2) and (3).

B Bilateral Agreements applying to Newfoundland but not to Canada: in three sub-sections marked (1), (2) and (3).

C Multilateral Treaties: in two sub-sections marked (1) and (2).

The general views of the Canadian Government are:

(a) That treaties applicable to Canada automatically apply to Newfoundland, as part of Canada, from the time of union;

(b) That treaties applicable to Newfoundland (but not to Canada) ceased to apply to Newfoundland at the time of union — with the exception of treaties of a local character specially connected with Newfoundland territory.

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[280]Le destinataire n'est pas indiqué sur la copie dans les dossiers. C'était probablement l'officier juridique du Commonwealth Relations Office de Grande-Bretagne.

[280]The addressee is not indicated on the copy in the files. It was probably the Legal Officer of the Commonwealth Relations Office of Great Britain.

The following remarks relate to the numbered items of each section of the list prepared by the Foreign Office.

A(1) and A(2)

No action need be taken, either by the Canadian Government or by the United Kingdom Government, respecting these treaties. If any enquiries or complaints are received by the Government of the United Kingdom with respect to any of these treaties, they could be forwarded for attention to the Government of Canada.

A(3)

Although this subsection has been placed in Section A, it differs from A(1) and A(2) in that Canada was a party to only one of the treaties in A(3).

Items 2, 3 and 4

These are the "leased base" agreement with the United States of March 1941, and related agreements. The United States Government knows that the Canadian Government acknowledges the continuing validity of these agreements. On Nov. 19, 1948 the Canadian Ambassador in Washington said, in a letter to the U.S. Secretary of State,[281] that the territory of Newfoundland would, in the event of union with Canada, remain subject to the terms of the lease. There would not appear to be any need for the United Kingdom Government to address a note to the United States Government regarding them.

Items 1 and 5

These are old agreements giving United States and French fishermen special fishing rights in Newfoundland. The Canadian Government's information is that the French have not availed themselves of their rights for a number of years, and the Americans have rarely used them, and it is hoped that they may be regarded as obsolete. It is suggested that no communication be sent to the French and United States Governments unless and until the matter is raised by one of those governments. If any enquiries or complaints are received by the Government of the United Kingdom with respect to either of these treaties, they could be forwarded for attention to the Government of Canada, who will accept responsibility for dealing with them.

General Note

Before going on to Section B, it should be stated that, immediately prior to April 1, 1949, the Canadian Government considered it essential to address notes to many countries which were parties to tariff agreements binding Newfoundland, informing them that the Canadian Customs Tariff would apply as from April 1 to importations into Newfoundland. In such cases it is suggested that the United Kingdom Government need not send any note.

As for the agreements in Section B other than tariff agreements, the Canadian Government's present intention is not to address any notes to the foreign countries in question. It is understood that the United Kingdom Government will, where necessary, inform those countries that the agreements no longer apply to Newfoundland.

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[281] Voir le document 1220.

[281] See Document 1220.

B(1)

Item 1 — Brazil, Customs Duties.

The Canadian Government has informed the Brazilian Government that as from April 1, 1949, Brazilian goods entering Newfoundland would be accorded the treatment provided in Trade Agreements between Canada and Brazil. It is suggested that no note need be sent by the United Kingdom Government.

Item 2 — Greece, Customs duties.

The Canadian Government has informed the Greek Government that as from April 1, 1949, Greek goods entering Newfoundland would be accorded the treatment provided in the Trade Agreement between Canada and Greece. It is suggested that no note need be sent by the United Kingdom Government.

Item 3 — Mexico, Military Service.

This agreement is in fact spent and may be ignored. No notice need be sent.

Item 4 — United States, Agricultural Workers.

This agreement is in fact spent and may be ignored. No notice need be sent.

Item 5 — Dominican Republic, Commercial Agreement.

This agreement was the subject of a letter from the High Commissioner to you on March 30th.†

B(2)

Item 1 — Bolivia, Commerce.

It is suggested that the United Kingdom Government might inform Bolivia that, in view of the nature of this agreement, its application to Newfoundland necessarily lapsed when Newfoundland became part of Canada.

Item 2 — Portugal, Commerce.

It is suggested that the United Kingdom Government might inform Portugal that, in view of the nature of this agreement, its application to Newfoundland necessarily lapsed when Newfoundland became part of Canada. In its note, the United Kingdom might mention, if it wishes, that Canada gives m.f.n.[282] treatment to Portuguese goods under an Exchange of Notes of Sept. 10 and 12, 1928 with Portugal.

Item 3 — Netherlands, Imports.

The Canadian Government has informed the Netherlands Government that as from April 1, 1949, Netherlands goods entering Newfoundland would be accorded the treatment provided in Trade Agreements between Canada and The Netherlands. It is suggested that no note need be sent by the United Kingdom Government.

Item 4 — Portugal, Flag Discrimination.

It is suggested that the United Kingdom Government might inform Portugal that, in view of the nature of this agreement, its application to Newfoundland necessarily lapsed when Newfoundland became part of Canada. In its note the

[282]most favoured nation

United Kingdom might mention that Canada grants national treatment to Portuguese ships.

Item 5 — Spain, Payments.

It is suggested that the United Kingdom Government might inform Spain that, in view of the nature of this agreement, its application to Newfoundland necessarily lapsed when Newfoundland became part of Canada.

Item 6 — U.S.A. Trade.

The Canadian Government has informed the United States Government that as from April 1, 1949, United States goods entering Newfoundland would be accorded the treatment provided in Trade Agreements between Canada and the United States. It is suggested that no note need be sent by the United Kingdom Government.

Item 7 — Belgium, Commerce.

The Canadian Government has informed the Belgian Government that as from April 1, 1949, Belgian goods entering Newfoundland would be accorded the treatment provided in Trade Agreements between Canada and Belgium. It is suggested that no note need be sent by the United Kingdom Government.

Items 8 to 14 — Visa Abolition.

The United Kingdom Government has already informed the countries concerned that these agreements no longer apply to Newfoundland.

Items 15 to 91 — Air Landing Rights.

After consultation with the United Kingdom Ministry of Civil Aviation, the Canadian Government informed the countries concerned that their landing rights in Newfoundland under these agreements will lapse. It is suggested that no action need be taken by the United Kingdom Government, in the absence of a protest to the United Kingdom Government from any of the foreign governments concerned. The foreign countries are being permitted to exercise the landing rights until June 30 and, before then, bilateral negotiations for future reciprocal rights will take place between Canada and each of the foreign countries concerned, if any rights are to be continued beyond that date.

B(3)

Item 1 — Czechoslovakia, Travellers' Samples.

It is suggested that the United Kingdom Government might inform Czechoslovakia that, in view of the nature of this agreement, its application to Newfoundland necessarily lapsed when Newfoundland became part of Canada. In its note the United Kingdom Government might mention that the treatment given under Canadian law is similar to that promised by this agreement.

Item 2 — Roumania, Origin of Goods.

It is suggested that the United Kingdom Government might inform Roumania that, in view of the nature of this agreement, its application to Newfoundland necessarily lapsed when Newfoundland became part of Canada. In its note the United Kingdom might, if it wishes, mention the provisions of Canadian law on this subject. Sections 488 and 489 of the Criminal Code of Canada make it an offence to apply a false trade description to goods or to sell goods bearing a false

trade description. The expression "trade description" is defined by Section 336 to include any description, statement or other indication as to the place or country in which any goods are made or produced. Section 491 provides for the forfeiture of these goods in the event of a conviction. Item 1209 of Schedule C to the Customs Tariff prohibits the importation of any goods which, if sold, would be forfeited under the foregoing provisions of the Criminal Code.

Item 3 — Switzerland, Legal Proceedings.

It is suggested that the United Kingdom Government might inform Switzerland that effect can no longer be given to this Convention in relation to Newfoundland. In its note, the United Kingdom might say that the practice in Canada, even in the absence of a treaty, is substantially the same as that set forth in the Convention with Switzerland, Also, the Canadian Government is looking into the possibility of Canada adhering to this Convention.

Items 4, 5, 8 and 9 — Identity Documents for Aircraft Personnel.

It is suggested that the United Kingdom Government might inform these governments (Portugal, Belgium, Netherlands and Czechoslovakia) that the application of these agreements to Newfoundland necessarily lapsed when Newfoundland became part of Canada. The following information regarding Canadian law might be added. Canadian Air Regulations require only that licences or certificates of competency be carried as adequate identification for members of air crew. In accordance with Article 32 and Article 33 of the Convention on International Civil Aviation, the Canadian Government recognizes the validity of all licences and certificates issued in the country in which the aircraft concerned is registered.

Item 6 — France, Commerce.

It is suggested that the United Kingdom Government might inform France that, in view of the nature of this agreement, its application to Newfoundland necessarily lapsed when Newfoundland became part of Canada. In its note the United Kingdom might mention that the treatment assured to France under the Canada-France Convention of May 12, 1933, is similar to that guaranteed by the Additional Articles of the 1826 Treaty.

Item 7 — Czechoslovakia, Printed Matter.

As this agreement calls for a unilateral concession by Czechoslovakia, no action by the United Kingdom or Canada is required.

Items 10, 11, 13, 14, 15, 16 and 17 — Extradition Treaties — Iraq, Poland, U.S.A., Denmark, Iceland, Switzerland and Hungary.

It is suggested that the United Kingdom Government might inform each of these countries that, in view of the nature of the agreement, its application to Newfoundland necessarily lapsed when Newfoundland became part of Canada.

Item 12 — Italy, Seamen.

It is suggested that the United Kingdom Government might inform Italy, that in view of the nature of this agreement, its application to Newfoundland necessarily lapsed when Newfoundland became part of Canada.

C(1) and C(2)

It is suggested that, in general, no action need be taken either by the Canadian Government or the United Kingdom Government.

Item 27 of C(1) is the General Agreement on Tariffs and Trade. With the agreement of the Board of Trade, the Canadian Government sent notes at the end of March to all the countries parties to this Agreement, with the exception of Southern Rhodesia, informing them that Newfoundland would cease on March 31st to be a separate territory for the purpose of this Agreement and would become a part of the territory of Canada. It is assumed that no action by the United Kingdom Government is required, other than to inform Southern Rhodesia.

The Canadian Government would be glad to receive, for its records, copies of any notes that may be sent by the United Kingdom Government pursuant to the procedure outlined above. For its part, the Canadian Government will as soon as possible supply the Foreign Office with copies of the notes sent by Canada to some foreign countries respecting the lapsing of treaties.

I am sending a copy of this letter to the Legal Adviser of the Foreign Office.

I am etc.

M. H. WERSHOF

1180. 10477-40

Le sous-secrétaire d'État par intérim aux Affaires extérieures au sous-ministre des Mines et des Ressources

Acting Under-Secretary of State for External Affairs to Deputy Minister of Mines and Resources

Ottawa, April 19, 1949

Dear Mr. Keenleyside,

RE: MIGRATORY BIRDS CONVENTION ACT

I refer to your letter of April 7, 1949, in which you ask whether the Convention for the protection of Migratory Birds in Canada and the United States of August 16, 1916, set out in the Schedule to the above-mentioned Act, is binding on Canada insofar as the Province of Newfoundland is concerned.

It is our view that all treaties applicable to Canada automatically apply to Newfoundland, as part of Canada, from the time of union. The Migratory Birds Convention should therefore be considered as applying to Newfoundland as from April 1st.

According to the information available here, Newfoundland and the United States had no Convention regarding Migratory Birds before union.

Yours sincerely,

E. R. HOPKINS
for the Acting Under-Secretary
of State for External Affairs

SOUS-SECTION II/SUB-SECTION II

ACCORDS AÉRIENS

AIR AGREEMENTS

1181. 10477-40

Le président, la Commission du transport aérien, au sous-secrétaire d'État aux Affaires extérieures[283]

Chairman, Air Transport Board, to Under-Secretary of State for External Affairs[283]

Ottawa, October 26, 1948

Dear Sir,

The Air Transport Board would be very grateful if it could obtain a joint legal opinion of the Department of Justice and of the Legal Division of the Department of External Affairs upon Canada's position when Newfoundland joins Confederation respecting commercial air traffic rights[284] exercised in Newfoundland by a number of different states under the terms of bilateral agreements concluded between the Government of the United Kingdom and the governments of those states.

There is enclosed[285] a copy of a general memorandum on the subject, a copy of a summary of international civil aviation agreements involving rights of foreign countries in Newfoundland, a copy of a typical bilateral agreement between the U.K. and another state, a copy of the bilateral agreement between Canada and the U.K., and a copy of an agreement between the U.S.A. and the U.K. supplementing the agreement between those states of February 11, 1946 and dealing specifically with air transport services at Gander Airport, Newfoundland.

As it is imperative that action relating to the commercial air traffic rights in Newfoundland should be initiated soon, it would be much appreciated if your opinion could be given on or about November 15th, if not before.

Yours very truly,

[?]
for Chairman

[PIÈCE JOINTE/ENCLOSURE]

Mémorandum de la Commission du transport aérien

Memorandum by Air Transport Board

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[283]Une lettre semblable fut envoyée au sous-ministre de la Justice.

[284]Voir la référence 2 du document 1068 du volume 1.

[285]Seulement le mémorandum général est reproduit ici.

[283]A similar letter was sent to the Deputy Minister of Justice.

[284]See footnote 2 of Document 1068 of Volume 1.

[285]Only the general memorandum is printed here.

SECRET

Ottawa, October 26, 1948

NEWFOUNDLAND; CIVIL AVIATION; AIR AGREEMENTS

GENERAL POSITION

Most of the traffic rights exercised by other countries in Newfoundland are exercised under bilateral agreements which the United Kingdom has concluded with those countries with no special reference to Newfoundland as a contracting party. In these agreements Newfoundland is merely treated as one of the territories under U.K. control and in the designation of routes which foreign countries may fly, Gander airport is named as a stopping place. By virtue of these agreements Norway, Sweden, Denmark, The Netherlands, France and Ireland all have traffic rights in Newfoundland; of these, all except Ireland are operating services through Newfoundland. In addition, Belgium is exercising traffic rights in Newfoundland under an informal arrangement.

The bilateral agreements typically consist of a main agreement and an annex in which the detail of the rights and privileges mutually granted is specified. Each agreement contains a clause stating that modifications to the annex may be made by agreement between the competent authorities of the two contracting parties, i.e. United Kingdom and the foreign country concerned. In addition, each agreement contains a clause stating that the agreement may be cancelled on twelve months' notice by either party. In the event that the Canadian government wishes, as it probably will, to modify all these agreements to exclude at least fifth freedom traffic rights, the legal question arises as to how this should be done.

One possibility would be to take the position that since these agreements were concluded by the United Kingdom government and relating to U.K. territories generally (including Newfoundland), when Newfoundland becomes part of Canada any U.K. agreement insofar as it affects Newfoundland is inoperative and that the country concerned must make a new agreement with Canada. This would probably be the most desirable solution if it is legally possible. The problem is whether an agreement made by the United Kingdom with another country in which Newfoundland is not specified as a contracting party, but which presumably could only have been made by the U.K. government with the concurrence of the Newfoundland Commission of Government, represents an obligation as far as Newfoundland is concerned which the Canadian government is bound to honour.

If it is not possible to take the line suggested at the beginning of the foregoing paragraph, then presumably Canada must rely on the modification or cancellation clauses. The fact that the United Kingdom is the contracting party in these agreements rather than Newfoundland is a complication but possibly the correct procedure would be to ask the U.K. government to notify the other contracting parties that while the Canadian government will accept the obligation as regards Newfoundland contained in the agreements with the U.K., it would, following union, seek a change in the traffic rights granted. The U.K. government would inform the other governments that the U.K. bilaterals must be modified to omit reference to Newfoundland and that a new agreement with Canada must be reached within a specified period of one year, (the notice of cancellation period).

U.S. POSITION

The United States also exercises full traffic rights in Newfoundland under the terms of an agreement between the Government of the United Kingdom and the Government of the U.S.A. which entered into force on May 23, 1947, and which supplements the main agreement between the U.K. and the U.S.A. dated February 11, 1946. This supplementary agreement specifically grants, with the consent of the Newfoundland Commission of Government, the traffic rights at Gander, and provides for the automatic lapse of the supplementary agreement in the event of a change in the constitutional status of Newfoundland. The agreement respecting rights in Newfoundland, would, therefore, become inoperative when Newfoundland becomes part of Canada. Presumably, in this course the correct procedure would be to draw this to the attention of the U.S. authorities, warning them that a new agreement would have to be concluded with Canada.

U.K. POSITION

The United Kingdom also exercises traffic rights in Newfoundland. Presumably, after the date of union any traffic rights which the U.K. government may wish to exercise in Newfoundland would have to be the subject of an agreement with the Canadian government. Here, as in the case of the United States, notice would be given that a new agreement would have to be reached prior to the date of union, or a temporary extension of certain traffic rights might be continued, to allow time for a new agreement to be reached with Canada.

1182. 10302-A-40

Mémorandum du haut commissariat de Grande-Bretagne

Memorandum by High Commission of Great Britain

CONFIDENTIAL Ottawa, October 27, 1948

NEWFOUNDLAND AND CIVIL AVIATION

In connection with the discussions at present in progress between representatives of Canada and Newfoundland about the entry of Newfoundland into Confederation, the Canadian authorities may wish to have the following particulars of the rights at present exercised at Gander Airport by the air lines of the United Kingdom and other countries.

2. United Kingdom air lines operate through Gander as follows:

British Overseas Airways Corporation

(i) London-Shannon or Prestwick-Gander-New York.

(ii) London-Prestwick-Gander-Montreal.

British South American Airways

(iii) London-Shannon and/or Keflavik-Gander-Bermuda to points beyond; or

(iv) London-Azores-Gander-Bermuda to points beyond.

Fifth Freedom rights are enjoyed at Gander on all these routes except (ii). (Traffic between Gander and Montreal will become Canadian cabotage traffic).

3. The Government of the United Kingdom have granted rights at Gander to the air lines of other countries in bilateral agreements with Eire, China, France, Italy, The Netherlands, Norway, Sweden and the United States, and by operating permits granted to Belgium and Switzerland. Copies of the bilateral agreements concerned are attached.† The operating permits to Belgium and Switzerland give full traffic rights at Gander with Fifth Freedom rights in accordance with Bermuda principles. The routes are:

(i) Brussels-Shannon-Gander-New York

(ii) Zurich or Geneva-Shannon-Gander-New York.

4. Rights at Gander have also been granted to Czechoslovakia in a bilateral agreement which has not yet been ratified.

5. The rights enjoyed by the air lines of other countries at Gander were granted in return for rights exercised by United Kingdom air lines elsewhere and, if they are not maintained, this would affect the bilateral agreements concluded by the United Kingdom with the countries concerned and the rights of United Kingdom air lines in those countries.

6. The United Kingdom authorities trust therefore that, on the entry of Newfoundland into Confederation, the rights at present exercised at Gander by United Kingdom air lines will be confirmed and also that those exercised by the air lines of other countries, in accordance with existing bilateral agreements concluded with the United Kingdom, will be confirmed.

7. The United Kingdom authorities hope that the Canadian Government will agree to maintain Gander, its alternatives in Newfoundland territory and the Botwood Bay flying-boat base at a standard not less than that obtaining at the date of the entry of Newfoundland into Confederation; and that any right of property, either by ownership, possession or otherwise, of any United Kingdom operator will be maintained to that operator unimpaired.

8. It is assumed that the present contribution made by the United Kingdom Ministry of Civil Aviation to the financial liabilities of Newfoundland for civil aviation will cease on the entry of Newfoundland into Confederation.

9. The High Commissioner has been asked to enquire whether the Canadian authorities would be prepared to confirm the rights and assumptions indicated above.

1183. 10477-40

Le sous-ministre de la Justice au président,
la Commission du transport aérien

Deputy Minister of Justice to Chairman,
Air Transport Board

Ottawa, November 17, 1948

Dear Sir,

RE: AGREEMENTS BETWEEN UNITED KINGDOM AND DIFFERENT STATES

You have asked for my opinion as to Canada's position when Newfoundland joins Confederation with respect to commercial air traffic rights exercised in

Newfoundland by a number of different states under the terms of bilateral agreements concluded between the Government of the United Kingdom and the governments of those states.

While I should expect to find different views expressed upon this question, I am of opinion that when Newfoundland becomes part of Canada, any United Kingdom agreement in so far as it affects Newfoundland is inoperative and that the country concerned will be obliged, if it is desirous of maintaining air traffic rights in Newfoundland, to enter into a further agreement with Canada.

Yours truly,

F. P. VARCOE

1184. 10302-A-40

Le sous-secrétaire d'État par intérim aux Affaires extérieures au président, la Commission du transport aérien

Acting Under-Secretary of State for External Affairs to Chairman, Air Transport Board

CONFIDENTIAL Ottawa, December 9, 1948

RE: EFFECT OF UNION UPON AIR AGREEMENTS APPLYING TO NEWFOUNDLAND

I have reference to your letter of October 26 concerning the effect of union upon air agreements applying to Newfoundland.

It is considered that the process whereby the union of Newfoundland will be effected should be looked upon as akin to cession. Our tentative view on the question of treaty obligations inherited by a state which acquires a territory by cession is that which is expressed by Oppenheim (*International Law*, Vol. I, 7th Edition, 1948, p. 501.) as follows:

"Whatever may be the motive and the purpose of the transaction, and whatever may be the compensation, if any, for the cession, the ceded territory is transferred to the new sovereign with all the international obligations locally connected with the territory (*Res transit cum suo onere*, and *Nemo plus juris transferre potest quam ipse habet*)."

It may well be that treaty obligations involved in the air agreements mentioned in your letter should be looked upon as "locally connected with the territory" of Newfoundland and should consequently be taken over by Canada.

The question of air agreements applying to Newfoundland constitutes one aspect of the broader question of the effect of union upon Newfoundland agreements in general on which no decision has yet been reached. I shall be glad to communicate with you further when a final conclusion will have been reached on the general problem of Newfoundland agreements at which time the points raised in the memorandum attached to your letter will be examined.

E. R. HOPKINS

for the Acting Under-Secretary of State for External Affairs

1185. 10302-A-40

Le secrétaire adjoint du Cabinet au président, Trans-Canada Air Lines

Assistant Secretary to the Cabinet to President, Trans-Canada Air Lines

Ottawa, December 17, 1948

Dear Mr. McGregor,

Herewith note on traffic rights in Newfoundland which I hope to discuss with Mr. Chevrier and Mr. Howe some time next week.

Part I is a summary of the situation and Part II† is merely an elaboration of one point from Part I which has caused me some little trouble. I am not sure even yet that I have the right answer to it.

If you have any comments I would be glad to get them as soon as possible.

Sincerely yours,

J. R. BALDWIN

[PIÈCE JOINTE/ENCLOSURE]

Extrait d'un mémorandum du secrétaire adjoint du Cabinet

Extract from Memorandum by Assistant Secretary to the Cabinet

SECRET December 17, 1948

CIVIL AVIATION: TRAFFIC RIGHTS IN NEWFOUNDLAND AFTER UNION

PART I

GENERAL POLICY RE RIGHTS AT GANDER

1. A number of countries have agreements made with the United Kingdom government or with the Newfoundland Commission of Government under which full traffic rights have been granted at Gander Airport. The importance of Gander is, for the time being at least, well established on North Atlantic services. Apart from refuelling, a substantial number of passengers have been emplaning or deplaning at Gander. This movement is probably occasioned in part by a considerable amount of transfer, i.e. passengers changing between airlines at Gander. The United Kingdom, of course, also exercises traffic rights in Newfoundland without any formal agreement.

2. The existing agreement made by Newfoundland with the United States will, in accordance with its terms, lapse when Newfoundland becomes part of Canada. The other agreements in which traffic rights have been granted at Gander are agreements made by the U.K. government. In these the U.K. government received in return concessions elsewhere of benefit to British airlines, particularly BOAC and BEA. The United Kingdom has expressed the hope that we will not interfere with traffic rights at Gander in view of the fact that the U.K. government has already obtained concessions in return for them.

3. I can see no reason why we should accept this contention. The Department of Justice has expressed the opinion that any U.K. agreement affecting Newfoundland would become inoperative following union and that we could renegotiate all these agreements. I am of the opinion that this course should be followed.

4. Assuming that we do renegotiate, our policy on fifth freedom rights at Gander should accord closely with the general policy we have already adopted in this matter, i.e. that we only grant fifth freedom rights in return for a like or equivalent concession which we wish elsewhere.

5. The question of third and fourth freedom rights at Gander is a little more complicated and is spelled out in detail in Part II of this memorandum.

I suggest that our policy with regard to traffic rights at Gander should be as follows:

(1) All traffic rights to be renegotiated (including the United Kingdom rights).

(2) In renegotiation, services to be provided at Gander which will adequately take care of originating and terminating traffic.

(3) Subject to (2)

(a) fifth freedom rights to be granted only where Canada seeks and obtains something in return (possibly the United States, United Kingdom and perhaps Belgium as well);

(b) third and fourth freedom rights to accompany fifth freedom rights in such cases; carriers presently having third and fourth freedom rights or seeking such rights to be limited for the present to the use of Montreal. (A possible alternative is suggested in Part II).

(4) TCA to consider the position with regard to direct services between Gander and New York so that a decision will be possible fairly soon as to whether TCA should provide such a service after Union; or whether alternative arrangements should be made in accordance with our undertaking to Newfoundland, under which a temporary extension between Gander and New York would be granted to a U.K. or U.S. carrier as from April 1st.

. . .

1186. 10452-A-40

Extrait d'un mémorandum du secrétaire adjoint du Cabinet
à la direction économique

Extract from Memorandum from Assistant Secretary to the Cabinet
to Economic Division

Ottawa, December 23, 1948

CIVIL AVIATION; TRAFFIC RIGHTS IN NEWFOUNDLAND

Mr. Chevrier and Mr. Howe have expressed general agreement with the suggestions put forth in Part I of my memorandum of December 17th dealing with

traffic rights in Newfoundland after union and have also agreed that we should proceed in accordance with the proposals outlined therein.

. . .

J. R. BALDWIN

1187. 10302-A-40

Extrait d'un mémorandum du secrétaire adjoint du Cabinet au conseiller juridique

Extract from Memorandum from Assistant Secretary to the Cabinet to Legal Adviser

Ottawa, December 27, 1948

Confirming our telephone conversation on Friday morning last, I wish to draw to your attention the fact that Mr. Howe and Mr. Chevrier, the Ministers primarily responsible for civil aviation matters, have both indicated their strong desire to proceed at a very early date with notification to the other governments concerned, that existing air traffic rights in Newfoundland will expire at date of union and must be renegotiated with the Canadian government; and that in most cases (excepting probably the U.S. and U.K.) no rights at Gander will be given and airlines will have to exercise their Canadian rights in Montreal. This is a matter of vital importance to Canadian aviation.

. . .

1188. 10452-A-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne

Secretary of State for External Affairs to High Commissioner in Great Britain

TELEGRAM 102 Ottawa, January 15, 1949

IMMEDIATE. SECRET. Following for Wershof from Hopkins, Begins: My telegram No. 2170 of December 28† and your reply No. 2345 of December 31,† effect of union upon Newfoundland Agreements.

2. With reference to the extract from McNair quoted in paragraph 3 of my letter of December 22,† the question arises whether Air Agreements of the standard type such as the U.K. Air Agreements applying to Newfoundland should be regarded as involving obligations of a "purely local or real character," which should be assumed by a State acquiring aceded territory.

3. As you will see from the discussion with U.K. representatives which took place in my office on November 26, our preliminary view was that this question should be answered in the affirmative and that consequently Canada should take over Newfoundland Air Agreements. This view was based on the consideration

that the prime object of Air Agreements is to permit the use on certain terms of a given territory by a foreign aircraft and that the remaining provisions of a commercial character are ancillary to the principal provisions.

4. It is now considered that Air Agreements may be looked upon as being in essence commercial, the provisions for landing rights being ancillary. In this view Newfoundland Air Agreements would lapse on union together with other commercial agreements.

5. Civil Aviation authorities are concerned lest Canada should have to take over Newfoundland Air Agreements on union. Their main concern is that United Kingdom Air Agreements grant Fifth Freedom Rights while Canada has consistently refused to do so.

6. With the exception of the U.K. and U.S. air rights, which automatically lapse at the time of union, all other foreign rights under the Air Agreements are terminable on twelve months' notice. Denunciation of the agreements however, is not looked upon as satisfactory since it would still involve granting Fifth Freedom Rights and prejudicing T.C.A. operations at Gander for a whole year.

7. It is now proposed that we should not commit ourselves on the question whether or not Air Agreements should be taken over by Canada under international law but to approach the countries concerned (France, China, Netherlands, Sweden, Norway, Italy, Ireland, Belgium, Denmark, Switzerland), with a view to inducing them to abandon Fifth Freedom Rights altogether as from the time of union and to exchange the rights at Gander for rights elsewhere in Canada, e.g. Montreal. This policy awaits the approval of the Minister who may have to secure the approval of Cabinet.

8. As time grows short however, I should appreciate your proceeding at once to an exchange of views with the United Kingdom authorities as indicated in paragraph 5 of my letter of December 22. In doing so you should endeavour to limit the discussion of this matter to principles and at any rate avoid any reference to Air Agreements in discussing treaty obligations which may be inherited by Canada (a clear example of a United Kingdom agreement of a local character to be taken over by Canada is the Bases Agreement with the United States). Should the question of Air Agreements be specifically raised by the United Kingdom you should reserve Canada's position and explain that the matter is now under consideration by the Canadian Government. It should be said here that the United Kingdom has already expressed the hope informally that Canada is prepared to take over the obligations involved in Air Agreements applying to Newfoundland.

9. Should you not have received the summary of the discussion of November 26 by the time this telegram reaches you, the Canadian propositions submitted on November 26 which should serve as a basis for discussion with the United Kingdom are as follows:

A. All treaties applying to Newfoundland, which might be considered as essentially political in character, would lapse at the time of union.

B. Treaties involving obligations of a local character connected with Newfoundland territory, e.g. United States Bases Agreement, would be taken over by Canada.

C. All Canadian treaties would automatically apply to Newfoundland from the date of union.

1189. 10302-A-40

Aide-mémoire du ministère des Affaires extérieures à l'ambassade des États-Unis[286]

Aide-Mémoire from Department of External Affairs to Embassy of United States[286]

Ottawa, January 31, 1949

NEWFOUNDLAND AIR AGREEMENTS

Subject to the approval of the Parliament of Canada and of the Commission of Government of Newfoundland and confirmation by the Government of the United Kingdom, it is anticipated that on March 31st, 1949, Newfoundland will join Canada.

The union of Newfoundland and Canada will, of necessity, involve a change in the status of Newfoundland with respect to international civil aviation. The civil aviation policy of the Government of Canada will be generally extended to Newfoundland; in particular, since Gander Airport will become a Canadian airport, it will be necessary to ensure that any traffic rights exercised at Gander by foreign carriers after March 31st, 1949, are consistent with this Canadian policy and in accord with any agreements or arrangements presently in effect between the governments of any countries designating such carriers and the Government of Canada.

The provisions under which air services may be operated between Canada and the United States are set out in the agreement effected by the exchange of notes of April 12th, 1947.[288] It is assumed by the Canadian authorities that any traffic rights exercised in Canada after March 31st, 1949 by any designated airlines of the Government of the United States of America will be in accordance with the provisions of the existing agreement between the two countries.

Canadian authorities have previously indicated to United States authorities their willingness to enter into discussions respecting revision of the present agreement. Such a meeting would offer a useful opportunity to discuss the future status of traffic rights in Newfoundland for United States carriers.

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[286] La note suivante était écrite sur cette copie de l'aide-mémoire:

[286] The following note was written on this copy of the aide-mémoire:

Copy handed to and discussed with Mr. Roper[287] of U.S. Embassy 31 Jan. 1949. H. R. H[ORNE]

[287] Attaché de l'air civil.

[287] Civil Air Attaché.

[288] Voir Canada, *Recueil des traités*, 1947, N° 11.

[288] See Canada, *Treaty Series*, 1947, No. 11.

1190. 10452-A-40

Aide-mémoire du ministère des Affaires extérieures au haut commissariat de Grande-Bretagne[289]

Aide-Mémoire from Department of External Affairs to High Commission of Great Britain[289]

Ottawa, January 31, 1949

NEWFOUNDLAND AIR AGREEMENT

Subject to the approval of the Parliament of Canada and of the Commission of Government of Newfoundland and confirmation by the Government of the United Kingdom, it is anticipated that on March 31st, 1949, Newfoundland will join Canada.

The union of Newfoundland and Canada will, of necessity, involve a change in the status of Newfoundland with respect to international civil aviation. The civil aviation policy of the Government of Canada will be generally extended to Newfoundland; in particular, since Gander Airport will become a Canadian airport, it will be necessary to ensure that any traffic rights exercised at Gander by foreign carriers after March 31st, 1949, are consistent with this Canadian policy and in accord with any agreements or arrangements presently in effect between the governments of any countries designating such carriers and the Government of Canada.

The Department of External Affairs is at present consulting with representatives of each of the countries presently exercising rights at Gander, suggesting that all but transit rights at Gander might terminate on March 31st, 1949. In cases where the countries concerned have no bilateral agreements with Canada, consideration is being given to granting alternative third and fourth freedom rights elsewhere in Canada, probably in Montreal. In cases where countries concerned at present exercise traffic rights in Montreal, the Government of Canada will affirm its policy of granting only one terminal on each route.

The provisions under which air services may be operated between Canada and the United Kingdom are set out in the Bilateral Agreement for Air Services signed at Bermuda on December 21st, 1945. According to this Agreement, the airline designated by the Government of the United Kingdom to operate air services to Canada is granted traffic rights at Montreal. It is assumed by the Canadian authorities that any traffic rights exercised in Canada after March 31st, 1949, by British Overseas Airways Corporation will be exercised, in accordance with this Agreement, although Gander will continue to be available for transit stops.

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[289] La note suivante était écrite sur cette copie de l'aide-mémoire:

[289] The following note was written on this copy of the aide-mémoire:

Copy handed to and discussed with Mr. Shannon[290] of Earnscliffe 31 Jan. 49. H. R. H[ORNE]

[290] Haut commissaire adjoint de Grande-Bretagne.

[290] Deputy High Commissioner of Great Britain.

In view of the existing relationship on air transport between the United Kingdom and Canada, the Canadian authorities are prepared to discuss with representatives of the United Kingdom the status of traffic rights in Newfoundland under the existing agreement between the United Kingdom and Canada.

1191. 10302-A-40

Le secrétaire d'État aux Affaires extérieures au chargé d'affaires en Suède[291]

Secretary of State for External Affairs to Chargé d'Affaires in Sweden[291]

DESPATCH 43 Ottawa, February 3, 1949

Sir,

I have the honour to inform you of certain discussions that are now taking place in Ottawa concerning the development of future civil aviation policy for Newfoundland following Confederation on March 31st.

2. As you know, the union of Newfoundland and Canada will, of necessity, involve a change in the status of Newfoundland with respect to international civil aviation. The civil aviation policy of the Government of Canada will be generally extended to Newfoundland; in particular, since Gander Airport will become a Canadian airport, it will be necessary to ensure that any traffic rights exercised at Gander by foreign carriers after March 31st, 1949, are consistent with this Canadian policy and in accord with any agreements or arrangements presently in effect between the governments of any countries designating such carriers and the Canadian Government.

3. At the present time, a total of 11 countries, including the United States, Norway, Sweden, Denmark, China, Italy, The Netherlands, Ireland, Belgium, France and Switzerland, could exercise traffic rights at Gander Airport by virtue of agreements or operating certificates granted by the United Kingdom. The United Kingdom also exercises full traffic rights without any formal agreement. The maintenance, after union, of full traffic rights for all these nations would be inconsistent with our present civil aviation policy and would not be in Canada's best interests. All of these nations exercise fifth freedom which, as you know, is contrary to existing Canadian policy. In addition, Montreal is already available as a traffic stop to many of the countries concerned, and it would not be desirable, in such cases, to grant two traffic stops. Trans-Canada Airlines have also indicated to the Government that to allow the present volume of air services operating through Gander to continue after Confederation would result in an appreciable reduction of the potential revenue of their own company.

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[291]Des dépêches semblables furent envoyées à tous les chefs de mission dans les pays mentionnés dans le paragraphe 3. Un extrait de la dépêche à l'ambassadeur aux États-Unis est reproduit dans le document suivant.

[291]Similar despatches were sent to all heads of mission in the countries listed in paragraph 3. An extract of the despatch to the Ambassador in United States is printed in the following document.

4. The Canadian authorities are not convinced that our position is unchallengeable, under international law, should we withdraw immediately upon union these traffic rights in Newfoundland which have been granted to other countries by virtue of an agreement. Quite apart from the legal aspects, we, of course, realize that it would not be desirable to take any action injurious to the excellent relations existing between Canada and these various countries.

5. To avoid raising the specific legal point, the Department is presently consulting with representatives of each of the countries presently exercising traffic rights at Gander, suggesting that all but transit rights at Gander might terminate on March 31st, 1949. This would mean that foreign airlines would continue to use Gander for maintenance and refuelling stops, but they would not be allowed to pick up or discharge any passengers or cargo. An exception could be made, however, in the case of the United Kingdom and the United States. In view of the particular relation in air transport matters existing between Canada and these countries, it is quite likely that they will be granted some traffic rights in Newfoundland. It is, of course, also necessary to ensure that direct and efficient service is maintained between Newfoundland and the United States since an assurance of this nature was given to the Newfoundland Delegation during the negotiation of the terms of the union.

6. In our negotiations with the Swedish Minister, we have pointed out that a bilateral agreement is already in effect between Canada and Sweden which grants third and fourth freedom rights at Montreal. We have stressed our desire to maintain the usual practice of granting only one terminal on a route, and that it would be virtually impossible for Canada to keep both Montreal and Gander open on the same route.

7. With the exception of the United States and the United Kingdom, none of the foreign airlines concerned will stand to lose very much revenue if they no longer continue to exercise traffic rights at Gander. It may be, however, that certain of these countries, and in particular the Scandinavian bloc who are traditionally free traders in the air, may object, in principle, to this change in the status of civil aviation policy for Newfoundland.

8. I enclose a copy of an aide-mémoire on this subject which was handed to the Swedish Minister on February 1st.†

I have etc.

A. F. W. PLUMPTRE
for the Secretary of State
for External Affairs

1192. 10302-A-40

Extrait d'une dépêche du secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis[292]

Extract from Despatch from Secretary of State for External Affairs to Ambassador in United States[292]

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[292]Les paragraphes 1 à 4 étaient identiques à ceux du document précédent.

[292]Paragraphs 1 to 4 were identical with those in the preceding document.

DESPATCH 347

Ottawa, February 4, 1949

Sir,

. . .

5. To avoid raising the specific legal point, the Department is presently consulting with representatives of each of the countries presently exercising traffic rights at Gander, suggesting that all but transit rights at Gander might terminate on March 31st, 1949. This would mean that foreign airlines would continue to use Gander for maintenance and refueling stops, but they would not be allowed to pick up or discharge any passengers or cargo. An exception could be made, however, in the case of the United Kingdom and the United States. In view of the particular relation in air transport matters existing between Canada and these countries, it is quite likely that they will be granted some traffic rights in Newfoundland. It is, of course, also necessary to ensure that direct and efficient service is maintained between Newfoundland and the United States since an assurance of this nature was given to the Newfoundland Delegation during the negotiation of the terms of the union. In the case of the United States, the problem is relatively simple since the agreement which the United States has with Newfoundland provides for its own termination, should there be any change in the constitutional status of the latter territory.

6. On January 31st Roper, the Civil Air Attaché at the United States Embassy, was handed an aide-mémoire which outlined this proposed aviation policy for Newfoundland. However, we also indicated to Roper that we were prepared to relate the question of Newfoundland traffic rights to general discussions concerning the revision of the existing New York Agreement which governs the operation of bilateral air services between the United States and Canada. As you know, for some time we have felt that the existing agreement was badly in need of a revision, and although the United States authorities have indicated they are generally in agreement, they have to date failed to formally indicate their willingness to participate in such discussions. When Roper received this aide-mémoire, he stated, off the record, that he felt the United States authorities were now ready to talk. He blamed the delay on a number of reasons, including the United States election and the heavy programme of work which has been confronting the Civil Aeronautics Board since O'Connell assumed the chairmanship.

7. Although we are anxious to complete all these discussions before March 31st, there is little we can do now but wait for official United States reaction. Mr. Howe and Mr. Chevrier, the Ministers primarily responsible for air, both feel that we have knocked sufficiently hard and it now remains for the United States authorities to open the door.

8. I enclose with this despatch a copy of the aide-mémoire which was given to the United States Civil Air Attaché.

I have etc.

A. F. W. PLUMPTRE
for the Secretary of State
for External Affairs

1193. 10302-A-40

Mémorandum du président, la Commission du transport aérien
Memorandum by Chairman, Air Transport Board

Ottawa, March 3, 1949

NOTE ON CONVERSATIONS REGARDING U.K.
TRAFFIC RIGHTS AT GANDER

The U.K. representative[293] stated that they would like to maintain the present position at Gander after union, i.e. exercise of full traffic rights by B.O.A.C. It was indicated that the present agreement between Canada and the United Kingdom did not cover fifth freedom or even third and fourth freedom rights at Gander, and if the U.K. suggestion was accepted it would be desirable to review the Canada-U.K. agreement, and that this review might take care of a number of other points as well in which the Canadian government was interested. Our own wishes were mentioned in an informal fashion, i.e. traffic rights at Hong Kong for C.P.A., and in Barbados for T.C.A. and possibly fifth freedom in Ireland as well. Naturally, if any continuing arrangements were made with the United Kingdom involving Gander, we would wish it to be on a basis which would allow us to take care of our new requirements.

It was indicated that if both the Canadian government and the U.K. government, after consideration of this situation, came to the conclusion that there was a reasonable prospect of reaching satisfactory agreement along these lines through revision of the existing bilaterals with the United Kingdom, Canada would be disposed to consider some sort of temporary arrangement which would permit B.O.A.C. to continue exercising its present rights at Gander for a temporary specified period, pending formal Canada-U.K. talks.

It was also indicated that should this situation emerge, we would be prepared to have formal talks with them at an early date. If a date for discussions with the United States should be set in the course of the next two or three weeks, we would want U.K. talks to take place thereafter, possibly in May or June, but that if no date was set for talks with the United States in the near future we would probably be disposed to go ahead with the United Kingdom even sooner, possibly in April or May.

J. R. B[ALDWIN]

[293] J. Lawton du ministère des Transports de Grande-Bretagne.

[293] J. Lawton of Ministry of Transport of Great Britain.

1194. 10302-A-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELETYPE EX-599 Ottawa, March 5, 1949

IMMEDIATE. CONFIDENTIAL. Revision of United States-Canada Bilateral Agreement for Air Services.

You will recall in my despatch No. 347 of February 4th I informed you that an Aide-Mémoire had been given to the United States Civil Air Attaché in Ottawa which indicated that United States traffic rights at Gander would terminate after April 1, 1949. At that time, although we orally indicated that we were prepared to enter into discussions concerning the entire Bilateral Agreement, we understood the United States authorities would let us know if and when they would be prepared to meet with us. However, Mr. Howe and Mr. Chevrier now feel that we should formally propose a meeting to revise the present Bilateral Agreement. This change in attitude is based on the following factors: (1) The necessity to clarify the future status of traffic rights at Gander. In this connection we have been holding discussions this week with a representative of the Ministry of Civil Aviation from the United Kingdom. (2) The urgent need to discuss certain questions relating to implementation of the provisions of the Bilateral, for example matters concerning international rates.

2. The following is suggested draft of a note which you might address to the State Department:

"As you are aware, for some time now, the Canadian authorities have been considering the desirability of holding discussions between our two countries concerning the operation of air services under the present Bilateral Agreement. From time to time in the past year both Canadian officials and Government members have indicated that Canada was willing to participate in such discussions at a time and place mutually acceptable to both Governments.

On January 31st, the Civil Air Attaché to the United States Embassy in Ottawa, was handed an Aide-Mémoire indicating the future aviation policy for Gander, Newfoundland, after the proposed union with Canada. It was pointed out that after March 31st the traffic rights at Gander of all United States carriers under the existing Agreement would terminate. Although Canadian authorities were prepared to discuss the future status of traffic rights for United States carriers at Gander, it was suggested that this should be done within the framework of general discussions relating to a revision of the existing Bilateral Agreement. It is essential that instructions with respect to the policy to be followed after April 1, 1949 should be issued very shortly to the Canadian Government Departments concerned with the administration of Gander Airport and in particular to the Departments of Customs and Immigration.

In view of this situation, I have been instructed by my Government to inquire if the United States Government would be prepared to enter, in the immediate future, into discussions relating to both the revision of traffic rights and the implementation thereof, as established by the existing Bilateral Agreement.

The Canadian authorities are prepared to have such discussions take place in Ottawa or at such other place as the United States Government may deem acceptable."

3. If you agree with this note, I would be grateful if it could reach the State Department at the beginning of next week. For your own information, we would be prepared to begin these negotiations on any reasonable notice but in any event we urgently require an answer one way or the other. It is unlikely, however, that we could complete any discussions with the United States before April 1st when Gander becomes a Canadian Airport. Although we should remain firm in our desire to consider Gander rights only if they were discussed in relation to the revision of the existing Agreement, I believe we might consider granting the United States temporary rights at Gander pending such discussions, if they would accept the above basis of negotiation.

1195. 10302-A-40

Mémorandum de la direction économique, au sous-secrétaire d'État par intérim aux Affaires extérieures

Memorandum from Economic Division, to Acting Under-Secretary of State for External Affairs

Ottawa, March 21, 1949

CIVIL AVIATION POLICY FOR NEWFOUNDLAND

1. The following for your information is a summary of the recent developments concerning the civil aviation policy which will be adopted for Newfoundland after union.

2. At the beginning of this year twelve countries had the right to exercise full traffic rights at Gander Airport, Newfoundland. These included the United States, the United Kingdom, China, France, Eire, Italy, The Netherlands, Norway, Sweden, Denmark, Belgium and Switzerland. Towards the end of January this Department presented to the representative of each of these countries an aide-mémoire which indicated the proposed civil aviation policy which would come into effect at Gander after union. It was pointed out that the Canadian Government felt existing air agreements would not be inherited and that all but transit rights at Gander would be terminated as at March 31st, 1949. However, at the same time representatives of these countries were informed that the Canadian Government was prepared to consider any representations which their respective governments might wish to make on behalf of their air lines.

3. From our point of view we were prepared to grant special consideration to the United Kingdom and the United States since they carried the bulk of the traffic between New York and Gander and an assurance had been given to the Newfoundland delegation that adequate services would be maintained on this route after union. In addition, as you know, Canada also has a special link with both of these countries vis-à-vis civil air transport.

4. At the beginning of March a representative from the United Kingdom Ministry of Civil Aviation participated in discussions here in Ottawa with the Chairman of the Air Transport Board and members of this Department. The Canadian authorities pointed out that they would be prepared to consider continuing full traffic rights at Gander for B.O.A.C., the designated United Kingdom air line. This would permit them to exercise third and fourth freedom rights at Gander en route to Montreal and fifth freedom rights at Gander on their New York run. However, since this was a deviation from the normal Canadian policy it was pointed out that Canada would require certain concessions from the United Kingdom to justify this position. In particular Canada would like traffic rights in the Barbados Islands for the T.C.A. Caribbean operations and rights at Hong Kong for the C.P.A. Pacific operations.

5. It was agreed that all these exchanges should be included in a new Canada-United Kingdom bilateral which in addition to these new rights would consolidate all the present rights granted under the two existing Canada-United Kingdom bilaterals. This arrangement received the blessing of the Minister of Transport before the representative from the United Kingdom returned to London. If this plan is satisfactory to the United Kingdom a temporary exchange of letters could extend the Gander rights until the new bilateral could be drawn up. The United Kingdom have not as yet advised us whether their government has approved of the substance of these discussions and in view of the proximity of union the Department requested Earnscliffe on March 19th to make additional enquiries to their government.

6. In the case of the United States, at the time that the aide-mémoire was passed to their representative we pointed out our desire to discuss the Gander rights in relation to a general revision of the existing trans-border bilateral presently in force. We have considered this agreement unsatisfactory for some time but the United States have not to date evidenced any willingness to participate in a revision. When no reply to the aide-mémoire was received by March 7th a formal note was addressed by Mr. Wrong to the State Department inviting them to participate in discussions which would include both the Gander rights and a revision of the existing bilateral. We have been unofficially informed that the United States are now prepared to join in such discussions in the near future and a note from their government to this effect is expected shortly.

7. Representations have also been received from the Dutch who have asked for a temporary extension of traffic rights at Gander for their air line K.L.M. The Minister of Transport does not consider such an extension advisable since it would constitute a precedent difficult to justify to other European air lines. Experience has proven that European air lines are prepared to accept the special position of the United Kingdom and the United States but they are quick to object to any situation which discriminates in favour of one European air line as against the others. Mr. Chevrier feels that an extension to K.L.M. could only be considered if we failed to reach agreement with the United States. In view of this he has suggested that we defer a definite answer to the Dutch until the matter of the United States discussions is cleared, presumably some time this week.

J. H. CLEVELAND

1196. 10302-A-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Secretary of State for External Affairs to High Commissioner in Newfoundland

TELEGRAM 364 Ottawa, March 25, 1949

Your telegram No. 22 of March 21st.[†] Future status of Gander Airport after union.

All airlines presently exercising traffic rights at Gander will receive an extension of their present rights until July 1, 1949 to allow them to adjust their bookings and carry out any changes in administrative planning which will result from termination of their traffic rights. This is purely a transitional arrangement. At present time negotiations are under way with United States and United Kingdom which will ensure that adequate service will be maintained both to United States and United Kingdom.

SOUS-SECTION III/SUB-SECTION III
ACCORDS COMMERCIAUX
TRADE AGREEMENTS

1197. 10452-B-40

Mémorandum du sous-ministre du Commerce au sous-secrétaire d'État aux Affaires extérieures

Memorandum from Deputy Minister of Trade and Commerce to Under-Secretary of State for External Affairs

Ottawa, October 27, 1948

TRADE AGREEMENTS OF NEWFOUNDLAND AND CANADA WITH OTHER COUNTRIES

At an informal meeting with some of the Newfoundland representatives, held Monday morning in the office of the Minister of Fisheries, certain questions were raised concerning the status of existing Newfoundland trade agreements in the event of the union between Newfoundland and Canada being effected.

In the Trade Agreement of 1940 between Canada and the Dominican Republic, the latter undertook to exempt from internal revenue taxes various kinds of pickled, dried and smoked fish when imported from Canada. Codfish, however, was not included. Subsequently, in the same year, a trade agreement between Newfoundland and the Dominican Republic provided for the extension by the Dominican Republic of a similar concession on all types of Newfoundland codfish. If the agreement between Newfoundland and the Dominican Republic is terminated when the union is effected, there is a danger that the Dominican tariff

commitment on codfish will lapse unless some measures are taken to prevent this from happening.[294]

We are asked what steps can be taken to ensure that the concession in favour of Newfoundland fish is retained after the union takes place. The question applies, of course, not only to this particular case but to any others of the same kind. We have no knowledge, however, of exactly similar cases in other Newfoundland trade agreements. This matter may, however, become one of little practical importance since arrangements have already been made for the negotiation of a new agreement between Canada and the Dominican Republic in connection with the meeting of the Contracting Parties of the General Agreement on Tariffs and Trade to be held at Geneva in April next year. At this meeting Canada should be able to secure a binding of the existing concession on Newfoundland codfish by negotiation with the Dominican Republic.

With respect to other trade agreements, both Canada and Newfoundland are adherents to the General Agreement on Tariffs and Trade, now provisionally in force, and each is entitled in its own right to the concessions granted by all other participants. The union ought to make no difference in the trade relations with these countries.

In addition to the countries adhering to the General Agreements on Tariffs and Trade, we are informed that Newfoundland extends its Intermediate Tariff to Argentina, Bolivia, Colombia, Costa Rica, Denmark, Dominican Republic, Persia, Peru, Portugal, Sweden, Switzerland, and Venezuela under treaties providing for most-favoured-nation treatment. Canada has similar treaties with all of the above except Persia and Peru. Negotiations will be conducted with the latter at Geneva next April. Newfoundland also extends the benefits of its Intermediate tariff to Egypt, Greece, Panama, Spain, and probably Italy, on a reciprocal basis for so long as Newfoundland goods are granted most-favoured-nation treatment. Canada exchanges most-favoured-nation treatment with all of the above except Egypt which has a single-column tariff in any case.

Canada exchanges most-favoured-nation treatment with the following countries which do not appear to have any convention at present with Newfoundland: Ecuador, Guatemala, Haiti, Mexico, Poland, Salvador, Uruguay, Yugoslavia.

We do not know if it is possible to take any immediate action in order to ensure that the last group of countries will extend their most-favoured-nation tariff to Newfoundland products when the union is effected and to ensure that the Dominican customs duty on codfish remains bound at its present level. In the case of the countries which will participate in the forthcoming Geneva negotiations, no action at all may be necessary and perhaps with respect to the others it may be sufficient at the time the union is consummated to notify them that Newfoundland will be from then on a part of Canada and should be entitled accordingly to the same treatment as is extended to the rest of Canada.

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[294]Note marginale: / [294]Marginal note:

See "Statements on Questions raised," xii, 10.[294a]

[294a]Voir la pièce jointe, document 805. / [294a]See enclosure, Document 805.

It would be appreciated if this subject might be included in any investigation your department may be making into the wider question of Newfoundland treaties in general and we should appreciate your comments as to any reply that might be given to the members of the Newfoundland delegation who have raised the question.[295]

M. W. MACKENZIE

1198. 10452-B-40

Mémorandum du conseiller juridique à la direction économique

Memorandum from Legal Adviser to Economic Division

Ottawa, February 22, 1949

EFFECT OF UNION ON CANADIAN AND NEWFOUNDLAND TRADE AGREEMENTS

You will find herewith a list of Canadian and Newfoundland Trade Agreements.† The Newfoundland Agreements were compiled on the basis of information received from the Foreign Office.

2. No understanding has yet been reached with the United Kingdom on the question of the effect of union on Canadian and Newfoundland Trade Agreements. Our view is that Newfoundland Trade Agreements should automatically lapse at the date of union while Canadian Agreements should at the same time apply to Newfoundland territory. A final discussion of this matter is scheduled to take place this week at London.

3. No difficulty arises in the case of countries whose trade relations with Canada and Newfoundland are governed exclusively by GATT or/and by United Kingdom Treaties which apply simultaneously to Canada and Newfoundland. These Agreements will continue to apply as heretofore. (See Part I of the list.)

4. A certain number of countries have Trade Agreements with Canada but none with Newfoundland. Should it be finally agreed that our Agreements will extend to Newfoundland as from the time of union, it would be advisable to notify parties to these Agreements to that effect. The notification should mention our expectation that Newfoundland goods will be granted after union the same treatment as Canadian goods. It would be understood on the other hand that the Canadian tariff would apply to Newfoundland as from the date of union. Some of the countries coming under this heading are also parties to GATT. If, as it is assumed, GATT supersedes previous Agreements to the extent that its provisions are inconsistent with them, this should be taken into consideration when notifying the countries concerned. (See Part II.)

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[295]La note suivante était écrite sur ce mémorandum:

[295]The following note was written on the memorandum:

Note: No agreement has yet been reached with the U[nited] K[ingdom] on the general principles. 28/II/49 R. CHAPUT

5. Some countries have separate Trade Agreements with Canada on the one hand and Newfoundland on the other. If it is finally agreed that Newfoundland Trade Agreements should lapse at the time of union and if it is our intention to let these Agreements terminate, the countries concerned should be notified accordingly. If however, Canada wishes to continue some or all the provisions of one or more agreements, consultations should take place with a view to effecting the necessary adjustments with Canadian Agreements. These adjustments could be effected by new Trade Agreements or by exchanges of notes modifying previous Canadian and Newfoundland Agreements. As some countries under this heading are parties to GATT this should also be taken into consideration in this case. (See Part III.)

6. Countries which have Trade Agreements with Newfoundland only should be notified that these Agreements will lapse at the time of union and also that the Canadian tariff will thereafter apply to goods entering Newfoundland. (See Part IV.)

7. Final action in connection with this matter should no doubt await the outcome of the discussions which are taking place this week at London.

E. R. H[OPKINS]

P.S. The Newfoundland tariff will continue to apply after union until it is repealed by the Canadian Government; the Canadian tariff will extend to Newfoundland only after proclamation to that effect. No action need thus be taken to provide for the continuation of present arrangements after union pending adjustments on all sides. (Par. 18(1) of the Terms of Union.)[296]

R. C[HAPUT]

1199. 10452-B-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne

Secretary of State for External Affairs to High Commissioner in Great Britain

TELEGRAM 388 Ottawa, February 28, 1949

IMPORTANT. CONFIDENTIAL. For Ritchie[297] from Plumptre.[298]

Newfoundland obligations under General Agreement on Tariffs and Trade.

1. As you know, Section B of Schedule XIX of GATT constitutes the Newfoundland schedule. This is in force provisionally subject to ratification. I should

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[296]La note suivante était écrite sur ce mémorandum:

[296]The following note was written on the memorandum:

Canada has suggested to Nfld. that the Customs Act should go into effect on date of union. Newfoundland has not yet replied. J. F. G[RANDY]

[297]E. A. Ritchie, premier secrétaire, haut commissariat en Grande-Bretagne.

[297]E. A. Ritchie, First Secretary, High Commission in Great Britain.

[298]Chef, la direction économique.

[298]Head, Economic Division.

be glad to learn whether the U.K. authorities have given any thought to the question of withdrawing the application to Newfoundland of the GATT.

2. GATT Protocol of Provisional Application, appendix B paragraph 5, might provide a suitable method of terminating Newfoundland's obligations, but 60 days' notice is required. As it is expected that our tariff will be applied to Newfoundland as of the date of union, we must be prepared to give suitable notification to the Contracting Parties as soon as possible. Should it be decided that our tariff will apply as from the date of union, sixty days' notice could not be given, and some other form of notification would have to be adopted.

3. I should be grateful for your views as soon as possible.

1200. 10452-B-40

Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in Great Britain to Secretary of State for External Affairs

TELEGRAM 522 London, March 10, 1949

IMMEDIATE. CONFIDENTIAL. Following for Plumptre from Ritchie, Begins: Your No. 388 of February 28th concerning Newfoundland obligations under General Agreement on Tariffs and Trade.

I discussed this matter yesterday afternoon with Messrs. Shackle and Burgess and Miss Wack of the Board of Trade who, in turn, had previously consulted with other interested Departments including the Foreign Office.

2. In their view, there is no specific provision in GATT or in the Protocol of Provisional Application designed to apply to a situation such as that which will result from the union of Newfoundland with Canada. Shackle had thought of the possibility of using the customs union provisions of Article XXIV but had concluded that they were not appropriate for the purpose. Both he and Burgess feel that paragraph 5 of the Protocol of Provisional Application was intended to refer to a situation in which one of the contracting parties desired to withdraw application of GATT in its entirety (since it refers to the withdrawal of the application of the Protocol which covers the entire agreement) and not to piecemeal withdrawal or to the substitution of one existing schedule for another. In their judgment the proper course of action would be for Canada merely to address a formal note to each of the other Contracting Parties drawing attention to the union of Newfoundland with Canada (or, if the note is despatched before union has actually taken place, to the anticipated union of Newfoundland with Canada as of a certain date in the future), and indicating that, as a result:

(a) Schedule V will apply to imports into Newfoundland from the territories of the contracting parties;

(b) Imports into the territories of the contracting parties from Newfoundland will be expected to receive the same treatment as that accorded to imports from Canada;

(c) Newfoundland will cease to be a separate territory for the purpose of the application of Annex A but will become a part of the territory of Canada for that purpose as for other purposes relevant to the GATT. (The inclusion of this point in the note is apparently considered important by the Foreign Office Legal Adviser to avoid questions concerning the position of Ireland under that Annex in view of Ireland's changed status in relation to the Commonwealth.)

3. The above statement represents my version of the points suggested by the United Kingdom representative. The exact language of this notification will probably require careful drafting.

4. The United Kingdom would expect to take no action concerning the withdrawal of Section B of Schedule XIX since the action by Canada, in the absence of any dissent from the United Kingdom, would appear to imply clearly enough the withdrawal of this schedule. I had the impression from the casual remarks of Shackle and Burgess that they were desirous, so far as possible, of avoiding the necessity of any action by the United Kingdom which might provide an occasion for embarrassing observations from Mr. A. P. Herbert or others in the House of Commons or in the press here.

5. So far as the United Kingdom are concerned, the above action by Canada would seem to be all that is required. As a purely formal matter, it occurred to them that Canada might wish to have the contracting parties confirm, or recognize, in some manner during the Annecy meetings[299] this change in the applicability of GATT to the trade of Newfoundland, although such formal action seemed to them hardly necessary unless you thought it desirable.

6. It may be that after this notice has been given to the contracting parties by Canada certain problems will come up which can be dealt with when they arise. The following appeared to be among the possible difficulties which might be encountered:

(a) One of the contracting parties may have granted a concession to imports from Newfoundland in return for a concession by Newfoundland which would disappear when the Canadian tariff became applicable to trade with Newfoundland. That contracting party might then conceivably argue that it should be able to restore any cut which it had made in favour of Newfoundland unless Canada was prepared to grant a concession corresponding to that originally conceded by Newfoundland. It seemed to Shackle and Burgess that this problem, if it arose at all, could probably arise only in respect of the United States, although there is some possibility that the United Kingdom may have made concessions to Newfoundland which might have to be taken up, particularly if the United States raised the general question. If this question comes up, Shackle suggests that the other contracting party might resort to the consultation provisions in GATT and that consultation might then take place among Canada, the other contracting party, and the United Kingdom (which probably should be included in view of

[299] Troisième session, Conférence des signataires de l'Accord général sur les tarifs douaniers et le commerce, Annecy, France, le 8 avril au 14 septembre 1949.

[299] Third session, Conference of Contracting Parties to General Agreement on Tariffs and Trade, Annecy, France, April 8 to September 14, 1949.

the fact that the United Kingdom participated in the negotiation of Section B of Schedule XIX).

(b) In the Geneva tariff negotiations the United Kingdom may have received concessions from others directly in return for concessions made by Newfoundland. If such was the case (and neither Shackle nor Burgess was certain), and if the Canadian tariff on such items is higher than the Newfoundland tariff, it presumably would be open to the countries concerned to request the United Kingdom for some consideration in return for the loss of the counter-concession originally granted by Newfoundland. In that event, it would appear that trilateral consultations similar to those referred to under (a) might be required.

(c) Some territories listed in Annex A to GATT may have been extending preferential treatment to Newfoundland different from that accorded to Canada. This question would not arise in case of the United Kingdom which accords identical preferential treatment to all territories in the list but it might arise in the case of South Africa.

(d) The continuation of the old West Indies preference on Newfoundland fish may involve some problems which the Canadian Government would presumably be the one to raise.

7. Concerning the amount of advance notice which should be given of the change-over from the Newfoundland to the Canadian tariff, although, as suggested by the United Kingdom, paragraph 5 of the Provisional Protocol probably does not apply (and hence 60 days' notice is not formally required), it presumably would be desirable to give as much advance notice as we can in order to avoid so far as possible problems which will arise concerning the customs treatment of goods en route to and from Newfoundland at the time the change-over becomes effective.

8. If time permits, I think it might be desirable to let the United Kingdom see the text of any note which you may propose to send out, in advance of the despatch of such a note to the other contracting parties.

1201. DTC/Vol. 18

La direction économique au directeur adjoint, la direction des relations commerciales et des tarifs étrangers, le ministère du Commerce

Economic Division to Assistant Director, Commercial Relations and Foreign Tariffs Division, Department of Trade and Commerce

Ottawa, March 14, 1949

Dear Mr. Neal,

I enclose draft minutes of the meeting which was held here on Friday, March 11th, to discuss the effect of union with Newfoundland on trade agreements.

I should be grateful for any comments or suggested amendments you may wish to make. To save time you might wish to give these to me by telephone (local 7991).

Mr. Plumptre, Chairman of the Interdepartmental Sub-Committee on External Trade Policy, does not think we need to report back to the Sub-Committee, and feels that it would save time if instead we made recommendations to the ministers in charge of our several departments that our suggested procedure for notification of these countries be approved. I suggest that we might discuss the form which these recommendations to the ministers might take later this week.

Yours sincerely,

J. F. GRANDY

[PIÈCE JOINTE/ENCLOSURE]

Extraits du projet du procès-verbal d'une réunion interministériel

Extracts from Draft Minutes of an Interdepartmental Meeting

MINUTES OF A MEETING HELD AT 10:00 A.M., FRIDAY, MARCH 11, 1949, IN ROOM 174, EAST BLOCK, TO DISCUSS THE EFFECT OF UNION OF NEWFOUNDLAND AND CANADA ON THE STATUS OF EXISTING TRADE AGREEMENTS

1. The following were present:

Mr. Neil Perry — Department of Finance
Mr. W.J. Callaghan — Department of Finance
Mr. A.L. Neal — Department of Trade and Commerce
Mr. G.C. Cowper — Department of Trade and Commerce
Mr. J.F. Grandy — Department of External Affairs.

2. It was agreed that the countries bound by agreements with Canada and/or Newfoundland should be classified in the following categories:

I. Countries with which Canada and Newfoundland both have agreements providing for reciprocal most-favoured-nation treatment.

II. Countries which are party to the General Agreement on Tariffs and Trade of October, 1947.

III. (a) Countries which are bound by most-favoured-nation agreements with Newfoundland but have no trade agreements with Canada.

(b) Countries which are bound by most-favoured-nation agreements with Canada but have no trade agreements with Newfoundland.

IV. Countries having agreements with both Canada and Newfoundland whose provisions apply different tariff schedules to Canada and Newfoundland.

The classification of the countries concerned on the basis of these categories is given as Appendix A.†

3. After consideration of the Agreements with countries of each category it was felt that the notification of countries in categories I, II and III(b) would [be] unlikely to present difficulty. Most of the countries in these categories would find their position improved rather than injured as a result of the change since the Canadian intermediate tariff is generally lower than that of Newfoundland. While difficulties might arise with countries in categories III(a) and IV, it was thought that special consideration need only be given to the situation of the following countries:

(a) *Dominican Republic*

Newfoundland was granted a lower rate on codfish entering the Dominican Republic in an exchange of notes in 1940. This concession was applied equally to Canada through the provisions of our most-favoured-nation agreement with the Dominican Republic which was signed in 1940. A straightforward notification to the Dominican Republic that we consider their agreement with Newfoundland of 1940 to lapse would mean that the Dominican Republic would no longer be committed to continue the present rate on codfish. It was, therefore, agreed that, to avoid such a contingency, the note to the Dominican Republic should be along the lines of the draft note attached as Appendix B.†

(b) *Greece*

Newfoundland has an agreement with Greece providing for the free entry of currants from Greece into Newfoundland. In exchange for this Greece gave Newfoundland a concession on codfish. It was felt that this agreement must be considered to lapse, but that the matter might be discussed during the forthcoming negotiations at Annecy.

. . .

(e) *France*

France has a navigation treaty with Newfoundland containing reciprocal provision for national treatment of shipping. It was agreed that Mr. Grandy ascertain whether the treatment provided by Canada to France is similar to that guaranteed in this treaty.

4. It was agreed that the notes to be sent to all countries other than the Dominican Republic should be as simple as possible avoiding mention of any implications which might provide an opening for the countries concerned to make objections or seek new concessions from Canada.[. . .]

1202. 10452-B-40

L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures

Ambassador in United States to Secretary of State for External Affairs

TELETYPE WA-782 Washington, March 18, 1949

CONFIDENTIAL. United States trade with Newfoundland.

1. I understand that Homer Fox[300] has discussed with Moran[301] the general question of the position of United States trade with Newfoundland after March 31st, with particular mention of the concessions which the United States obtained from Newfoundland and which are embodied in the General Agreement on Tariffs and Trade. Fox was told that it was Moran's understanding that Newfoundland's obligations under GATT would cease to exist after the union.

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[300]Conseiller aux affaires économiques, ambassade des États-Unis.

[301]Conseiller spécial du sous-secrétaire d'État par intérim aux Affaires extérieures.

[300]Counsellor for Economic Affairs, Embassy of United States.

[301]Special Assistant to Acting Under-Secretary of State for External Affairs.

During the second week of February, Willoughby and Southworth[302] discussed very briefly with Deutsch[303] the United States interest in this question.

2. Southworth called today to tell us the United States officials have completed their study of the effect that union will have on United States trade with Newfoundland. This study, together with the appropriate policy recommendations, will be brought before the United States trade agreements committee next week.

3. The State Department would like to discuss this question in Washington as soon as possible after the trade agreements committee have completed their consideration of the problem. The United States officials appreciate that, generally speaking, union will have an adverse effect on United States trade in certain products. They wish, therefore, to talk over informally the transitional measures which the Canadian Government might be prepared to take for the first year after union. The State Department would very much like to have the first discussions take place before March 31st. The sort of measures which the United States have in mind would include but would not be limited to the following:

(1) Definite arrangements to remit the duty on salt pork and salt beef. This, we understand, would be regarded as an important cushioning measure.

(2) Canadian import controls on salt pork would not apply to Newfoundland.

4. The purpose of Southworth's call this morning was to give us an advance warning that the State Department would be requesting discussions with us on this question. I should be glad to know (1) if consideration is being given in Ottawa to adopting special measures which would alleviate temporarily the adverse effect of union on certain United States exports to Newfoundland, and (2) if it would be agreeable to discuss this question in Washington, possibly as early as the end of next week.

1203. 10452-B-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELETYPE EX-813 Ottawa, March 26, 1949

IMPORTANT. CONFIDENTIAL. Reference your teletypes WA-782 of March 18th and WA-794 of March 21st† — United States Trade with Newfoundland.

1. We plan to draw the attention of the Contracting Parties to G.A.T.T. individually, within the next few days, to the forthcoming union of Canada and

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[302]W. Willoughby, chef, direction de la politique commerciale, département d'État des États-Unis. H. M. Southworth, conseiller commercial, Conseil des Conseillers économiques, États-Unis.

[303]Directeur, direction des relations économiques, ministère des Finances.

[302]W. Willoughby, Chief, Division of Commercial Policy, State Department of United States. H. M. Southworth, business economist, Council of Economic Advisers, United States.

[303]Director, Economic Relations Division, Department of Finance.

Newfoundland, indicating that as a result (a) Schedule V of the General Agreement will apply to imports into Newfoundland from the territories of the Contracting Parties from the date of union; (b) imports into the territories of the Contracting Parties from Newfoundland will be expected to receive the same treatment as that accorded to imports from Canada; (c) Newfoundland ceases to be a separate territory for the purpose of the application of Annex A, and will become a part of the territory of Canada for that purpose as for other purposes relevant to the G.A.T.T.

2. However, the Canadian Government gave the Newfoundland delegation an undertaking that customs duties on the importation of salt pork and salt beef from the United States will be remitted in the event that, and during the period that, supplies of suitable quality are not available in Canada. Remission of customs duty on salt pork would, of course, be accompanied by the necessary relaxation of the present import restrictions.

3. Legal provisions require that the duty actually be paid before it can be remitted. Thus the importer must pay the duty in the usual way. This will be remitted if it is established that supplies of suitable quality are not (repeat not) available from Canadian sources, which can be assumed to mean at prices comparable with those at which United States supplies are offered.

4. For the immediate future, remission of duty is likely on salt beef for reason of price, and on salt pork because of insufficient Canadian supply. We cannot say how long these conditions are likely to prevail.

5. The undertaking mentioned in paragraph 2 was made to meet the point of view of Newfoundland for a transitional period. We are not (repeat not) considering making special arrangements for any other imports from the United States or any other country. Our policy must be uniform tariff treatment for the whole of Canada. Should the union of Newfoundland with Canada lead the United States to seek new modifications of our tariff, such modifications would have to be negotiated as a part of any future trade agreement with the United States. Any concessions thus granted to the United States would have to be extended equally to all countries to which we accord most-favoured-nation treatment.

6. Deutsch has suggested that the interest of the State Department in this matter may have been stimulated by the current activities of the fish lobby which, as you know, is pressing strongly for greater restrictions on the entry into the United States of Canadian and Newfoundland fish. Any act on the part of Canada and Newfoundland that appeared to damage United States interests at this time might be seized upon by the fish lobby as an argument (sic) for reprisals against Canadian and Newfoundland fish. No doubt you will bear this in mind during your discussions.

1204. 10452-B-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire par intérim en Grande-Bretagne

Secretary of State for External Affairs to Acting High Commissioner in Great Britain

TELEGRAM 586 Ottawa, March 29, 1949

MOST IMMEDIATE. Following for Wershof from Hopkins, Begins: Notifications re: Termination of Newfoundland Trade Agreements.

In accordance with paragraph 2 of Mr. Ritchie's telegram No. 522 of March 10, formal notifications are now being sent to all countries concerned with the exception of France, Belgium and Czechoslovakia. Following is the text of the notification to Brazil, the wording of other notifications being the same *mutatis mutandis*:

"From the date of union, the international trade of Newfoundland will be subject to the customs tariff and the laws of Canada. The geographical application of trade agreements to which Canada and Newfoundland are parties will be modified accordingly.

2. Newfoundland's trade relations with Brazil are at present governed by the Treaty of Commerce, signed by Brazil and the United Kingdom on August 10, 1936, and by the General Agreement on Tariffs and Trade of 1947 as amended by Protocols signed at Havana, March 24, 1948 and at Geneva, September 14, 1948. As the Canadian tariff will be applied to imports into Newfoundland from the date of union, however, imports from Brazil entering Newfoundland will then be accorded the treatment now guaranteed to Brazil by the Trade Agreement of October 17, 1941, between Brazil and Canada, and by Schedule V of the General Agreement on Tariffs and Trade, 1947. Newfoundland will cease to be a separate territory for the purpose of the application of Annex A of the General Agreement on Tariffs and Trade, but will become a part of the territory of Canada for that purpose as for other purposes relevant to the General Agreement on Tariffs and Trade.

3. The Canadian Government anticipates that from the date of union, imports into Brazil from the Province of Newfoundland will be given the same treatment as is now granted to imports from the other provinces and territories of Canada in accordance with the provisions of the Trade Agreement between our two countries and Schedule III of the General Agreement on Tariffs and Trade of 1947."

2. In view of the late hour it was not deemed practicable to submit the terms of the notification to the United Kingdom as suggested in the last paragraph of Mr. Ritchie's telegram. You will note however that the notification embodies the suggestions made by the United Kingdom as enumerated in paragraph 2 of the telegram.

3. We are postponing notification in the case of agreements concerning which the United Kingdom has expressed uneasiness with regard to denunciation. These agreements are with Czechoslovakia, France, Belgium, Roumania, Dominican Republic and Portugal. The last three are not parties to GATT and are the only clear instances of countries which have treaty relations with Newfoundland and which are not parties to GATT (we have yet no definite information regarding Newfoundland trade agreements with Italy, Panama and Spain). The answers to the points raised by the United Kingdom regarding the Canadian treatment granted to these countries are contained in my immediately following

telegram.[304] Unless we are informed within the next day or so of the unfavourable reaction of the United Kingdom to our intention to notify these countries, notifications shall be carried out as in the case of other countries. Ends.

1205. 10452-B-40

L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures

Ambassador in United States to Secretary of State for External Affairs

TELETYPE WA-889 Washington, March 29, 1949

IMPORTANT. CONFIDENTIAL. Your EX-813 of March 26th — United States trade with Newfoundland.

1. At the request of the State Department a meeting was held at 5:00 o'clock Monday afternoon, in the office of Carl Corse (Associate Chief, Division of Commercial Policy), to hear something of the United States Government's concern about the effect of union on United States trade with Newfoundland. Homer Fox and Miss Tibbetts of the Canadian Desk were present in addition to Corse and Southworth.

2. As a result of the reasonably extensive consideration which had been given to this problem by the Trade Agreements Committee, we had expected to hear some specific complaints about the effect of union on United States trade and to receive some definite requests for transitional measures. Instead, we received a rather loose-knit story, the import of which is as follows:

(i) From the results of the limited studies which have so far been made, it appears certain that the United States agricultural exports to Newfoundland will be adversely affected. The agricultural interests are powerful and vociferous and they will air their complaints widely in Congress and elsewhere.

(ii) These complaints and criticisms, which will be levelled against the reciprocal trade agreements policy and those who administer it, will be embarrassing to the administration and will not have a helpful effect on the renewal of the Reciprocal Trade Agreements Act.

(iii) The State Department does not have any definite ideas on the procedure which should be followed under GATT in this rather novel instance. Under Article No. 27 the United States is free to withhold or withdraw any concession which was initially negotiated with "a Government which . . . has ceased to be a Contracting Party." In this case the country in which the concession was obtained (and not the United Kingdom Government which negotiated the concession), will cease to exist on March 31st. Corse said there had been a suggestion that it might be appropriate, therefore, for the United Kingdom Government to raise this question and to consult with the other Contracting Parties.

(iv) There had been for awhile in the State Department some disposition to say that Article 24 (Customs Unions) would apply. If this was the case then there

[304] Voir le document 1176.

[304] See Document 1176.

would be the question of the average level of duties applying. We suggested that it was rather fanciful to think of what was to take place as a customs union, since all Newfoundland sovereignty ceases to exist after March 31st.

(v) The State Department considers that the United States, under Article 23, has the right to make representations and proposals to the Contracting Parties concerned on the grounds that benefits which the United States obtained will undoubtedly be impaired.

3. In the light of the considerations given in paragraph 2, the United States position is:

(1) The United States will be free at any time after union has taken place to discuss with Canada any particularly troublesome trade problem relating to the Province of Newfoundland, with a view to seeing if a mutually satisfactory solution can be worked out. In this connection the United States officials said, the action which they understood we proposed to take in remitting the duties on salt pork and salt beef, and in relaxing the import restrictions on salt pork, would be most helpful to them.

(2) Owing to the uncertainties which exist, the United States reserves, and wishes it to be clearly understood that it reserves, its full rights under paragraphs 23 and 27 of GATT to raise these questions with Canada and the other Contracting Parties.

4. We reminded the Americans that the latest estimates showed that Canada would pay Newfoundland $50 million dollars in the first year of union and very considerable sums in the years afterwards. These large expenditures would improve the standard of living in the Province of Newfoundland and this, in turn, would be of material benefit to the United States, economically as well as politically. We suggested that when answering the great volume of criticism which the United States officials said they expected to receive, they should lay some emphasis on the constructive side.

5. In response to a question on what they intended to do about such questions as trade returns and statistics United States officials said that this point had not been decided. There is, however, a probability that, for a year at least, the Department of Commerce will show separate figures for Newfoundland. We pointed out that this would not only be an incorrect procedure politically, but would also be misleading and inaccurate from the trade point of view since after April 1st a good portion of the United States exports to Newfoundland undoubtedly will be trans-shipped through such ports as Montreal and Halifax and will therefore be shown as exports to Canada, not Newfoundland. On points like this which could indicate some slight United States recognition of Newfoundland sovereignty after March 31st, we shall, if you concur, suggest that the United States not continue to show separate Newfoundland trade figures after March 31st.

1206. 10452-B-40

Le haut commissaire en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

High Commissioner in Great Britain to Secretary of State for External Affairs

TELEGRAM 668 London, March 30, 1949

IMMEDIATE. RESTRICTED. Following for Hopkins from Wershof, Begins: Your telegram No. 586, March 29th, Newfoundland agreements. It is not possible to arrange meeting with Foreign Office until tomorrow morning (Thursday). I hope therefore that you can delay sending proposed notes to Czechoslovakia, France, Belgium, Roumania, Dominican Republic, and Portugal, until you have received my report on tomorrow's discussion. Although I hope that Foreign Office will raise no objections, I think we ought as a courtesy to consult them further before sending out notes relating to bilateral agreements. (The blessing given by the United Kingdom authorities in Ritchie's telegram No. 522 of March 10th related only to the General Agreement on Tariffs and Trade.)

2. I am sure that the Foreign Office will need, for the record, copies of all notes sent by Canada to other countries regarding treaty position of Newfoundland. Could you please airmail copies of those already sent; if convenient, I suggest send three copies, two for Foreign Office and one for Canada House file. Similarly, I assume that Department of External Affairs will wish to have copies of any notes that may be sent later by United Kingdom Government to other countries re treaty position of Newfoundland.

3. Since dictating the above I have seen telegram No. 588 of March 29th[†] from External to Mr. Wilgress regarding the Dominican Republic. I am not clear as to how the plan set forth in telegram No. 588 affects the statement in your telegram No. 586 that you are about to send a note to the Dominican Government. Ends.

1207. 10452-B-40

Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne

Secretary of State for External Affairs to High Commissioner in Great Britain

TELEGRAM 597 Ottawa, March 30, 1949

IMMEDIATE. Following for Wershof, Begins: Your Telegram No. 668 of March 30 — Newfoundland Trade Agreements.

1. Notifications to Czechoslovakia, France and Belgium cannot be delayed beyond tomorrow (March 31). Telegrams are being sent today instructing our missions in those three countries to transmit notes tomorrow, along the lines of the notification given to Brazil, contained in my telegram No. 586 of March 29.

These notes, however, will make no reference to the cessation of the provisions of the following Agreements, mentioned in your telegram No. 430 of February 25:

Czechoslovakia — Commercial Travellers Samples and printed matter.

France — Treaty of Commerce of 1826.

The notification to Belgium, however, will read in part as follows:

"Newfoundland's trade relations with Belgium and Luxembourg are at present governed by the Commercial *Modus Vivendi* signed by Belgium and the United Kingdom on December 6, 1898, and by the General Agreement on Tariffs and Trade of October 30, 1947, as amended by Protocols signed at Havana, March 24, 1948, and at Geneva, September 14, 1948. As the Canadian tariff will be applied to imports into Newfoundland from the date of union, however, imports from Belgium and Luxembourg entering Newfoundland will then be accorded the treatment now guaranteed to Belgium and Luxembourg by the Commercial Convention of July 3, 1924, between the Economic Union of Belgium and Luxembourg, and Canada, and by Schedule V of the General Agreement on Tariffs and Trade, 1947."

2. Notifications are not (repeat not) being sent to Roumania and Portugal. Notification is not (repeat not) being sent to the Dominican Republic pending the results of the negotiations requested in my telegram No. 588 of March 29.

3. I shall send by airmail copies of the telegrams sent to any missions abroad instructing them to transmit notes concerning Newfoundland Trade Agreements, as well as copies of notes sent to a few representatives in Ottawa. Ends.

1208. 10452-B-40

Le haut commissaire en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

High Commissioner in Great Britain to Secretary of State for External Affairs

TELEGRAM 682 London, March 31, 1949

IMMEDIATE. CONFIDENTIAL. Following for Hopkins from Wershof, Begins: Your telegram No. 597, March 30th, Newfoundland trade agreements.

I told the Foreign Office (Legal Adviser's Branch) this morning about the action you have already taken in sending notifications to the parties to the General Agreement on Tariffs and Trade. In the circumstances, Foreign Office made no complaint about the notes you have already sent and raised no objection to the notes you are sending today to Czechoslovakia, France and Belgium.

2. However, Vallat (Assistant Legal Adviser) stressed the desirability in future of co-ordination between the Department of External Affairs and the Foreign Office in sending notes to foreign countries relating to bilateral agreements affecting Newfoundland. I am sure that you will agree that it will save trouble on both sides if the contents and timing of any notes sent by the United Kingdom Government are cleared with the Canadian Government and vice versa.

3. Vallat is most anxious that the Foreign Office should, in due course, receive two copies of all the notes actually delivered by the Canadian Government to foreign Governments. I presume that you will ask Canadian Missions who are delivering such notes to send extra copies to you and, in due course, you can give Canada House, for transmission to the Foreign Office, two copies of every such note. It will not really suffice the Foreign Office to have copies of your instructions to Canadian Missions to send such notes; what the Foreign Office needs is copies of the actual notes. For their part, the Foreign Office will be glad to give the Canadian Government copies of all notes which the United Kingdom Government may eventually send to foreign Governments relating to Newfoundland agreements.

4. In paragraph 8 of your telegram No. 587, March 29th,[305] you said that the question of legal principles and notifications in the cases of agreements which are not concerned with trade "is the subject of a separate telegram." Has that telegram been despatched? It would be a great help if I could receive it this week because I have arranged a meeting with Vallat on Monday at which we will attempt to sort out all the suggestions made by you and by the Foreign Office. Ends.

1209. 10452-B-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELETYPE EX-897 Ottawa, April 1, 1949

CONFIDENTIAL In the last paragraph of your teletype WA-889 of March 29th on United States trade with Newfoundland you mentioned the question of United States treatment of Newfoundland trade statistics which is related to the broader question of United States recognition of Newfoundland's new status.

I think you should make it clear to the State Department that:

(a) Newfoundland's status is now that of a Canadian Province, and it would be most incorrect to treat that province in any way differently from the other provinces of Canada. We are most anxious to avoid anything in this regard that might appear invidious.

(b) The new status of Newfoundland is bound to result in some confusion and misunderstanding in the United States in any case. It is surely important therefore from the United States point of view that United States Government agencies avoid any action (such as the separate treatment of Newfoundland trade statistics) which would be likely to increase misapprehension of Newfoundland's new status.

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[305]Document 1176.

1210. 10452-B-40

L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures

Ambassador in United States to Secretary of State for External Affairs

TELETYPE WA-937 Washington, April 1, 1949

IMMEDIATE. RESTRICTED. Following for Plumptre (copy to J. J. Deutsch, Department of Finance), Begins: My WA-889 of March 29th — United States trade with Newfoundland.

1. The Commercial Policy Division, State Department, is preparing a statement on the effect of union on United States trade with Newfoundland. This statement is for possible use in the forthcoming debate in the Senate on the renewal of the Reciprocal Trade Agreements Act. The State Department proposes to include the following points, which make a direct reference to Canada:

(I) "Canadian import restrictions for balance of payments purposes are now applicable to imports into Newfoundland."

(II) "The restrictions on salt pork, while continuing to apply to the rest of Canada, will not apply to imports into Newfoundland." (This point is based on informal information given to Willoughby and Southworth nearly two months ago. Since then there has been no confirmation that the restriction on salt pork would be raised in the manner suggested by the proposed statement.)

(III) "As regards the effect on individual United States products imported into Newfoundland during the period of transition, the Canadian Government has given informal assurance that it will give sympathetic consideration to this matter in the spirit of the close-working cooperation in which the two countries have been accustomed to work out problems arising between them."

2. Grateful if these points could be checked for their accuracy and acceptability as a matter of some urgency since we have promised to let the State Department know Ottawa's views today if possible. Ends.

1211. 10452-B-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELETYPE EX-902 Ottawa, April 1, 1949

IMMEDIATE. RESTRICTED. Your WA-937 of April 1st. U.S. trade with Newfoundland.

1. The first of the three points is accurate and acceptable as it stands.

2. The second point should be amended to read " . . . will not apply to imports into Newfoundland for the time being."

3. I assume the third point is intended to refer to the effect *of the foregoing restrictions* on individual United States products imported into Newfoundland during the period of transition. If my assumption is correct, the third point, if

amended accordingly, would be acceptable. If, however, this point is intended to refer to the effects of the union of Canada and Newfoundland on individual U.S. products imported into Newfoundland during the period of transition, it is inaccurate and unacceptable since it would erroneously imply that we are willing to make special arrangements other than those outlined in paragraphs 2, 3 and 4 of my teletype EX-813 of March 26. Our policy remains as outlined in paragraph 5 of EX-813.

1212. 10452-B-40

Le secrétaire d'État des États-Unis à l'ambassadeur aux États-Unis

Secretary of State of United States to Ambassador in United States

Washington, April 4, 1949

The Secretary of State presents his compliments to His Excellency the Canadian Ambassador and has the honor to refer to the Ambassador's Note No. 185, March 30, 1949,[306] concerning the international trade of Newfoundland after the date of union of Newfoundland and Canada.

The Ambassador's courtesy in informing the Department of the modification of the geographical application of trade agreements to which Canada and Newfoundland are parties is much appreciated. On March 31, 1949, the Bureau of Customs was informed that from the date of union imports into the United States from the province of Newfoundland should be given the same treatment as is now granted to imports from the other provinces and territories of Canada in accordance with Schedule XX of the General Agreement on Tariffs and Trade of 1947.

As the Ambassador is aware, questions arising from the application of the Canadian tariff to imports into Newfoundland from the date of union have been the subject of preliminary informal discussion between officers of the Department and officers of the Embassy, as well as officers of the United States Embassy in Ottawa and the Department of External Affairs.

1213. 10452-B-40

Le haut commissaire en Grande-Bretagne au secrétaire d'État aux Affaires extérieures

High Commissioner in Great Britain to Secretary of State for External Affairs

TELEGRAM 1007 London, May 12, 1949

CONFIDENTIAL. Following for Plumptre and Hopkins from Ritchie, Begins: Reference my telegram No. 522 of March 10th and your telegrams Nos. 586 of

[306]Non reproduite. Le texte de cette note était semblable à la notification reproduite dans le document 1204.

[306]Not printed. The text of this note was similar to the notification printed in Document 1204.

March 29th and 598 of March 30th† concerning Newfoundland obligations under the General Agreement on Tariffs and Trade.

2. I am informed by Vallat, Assistant Legal Adviser in Foreign Office, and Miss Wack, Board of Trade, that there seems to be some uncertainty in Annecy (at least between the United Kingdom and Canadian delegations) concerning notifications to the contracting parties regarding the changed status of Newfoundland.

3. As I understand the position, the Canadian Government has sent appropriate notifications to each of the contracting parties separately. The question of a possible notification to the contracting parties collectively (see paragraphs 4 and 5 of my telegram No. 522) appears to have been left open and I am unaware of any decision which you may have taken on the desirability of such a notification or on the question of whether such a notification should be made by Canada or by the United Kingdom. Although it would still seem that such a notification to the contracting parties as a group is not legally required, it would appear that, as a courtesy and to complete the record, it might be appropriate that the session of the contracting parties in Annecy be informed of the changed status of Newfoundland and of the action which the Canadian Government has taken. The United Kingdom officials who have raised this matter with me feel that some such notification would be desirable. If you agree, I would suggest the following procedure:

(a) That you might communicate to the Canadian delegation at Annecy the text of the several notes (or the text of a specimen note, possibly along the lines of the note to Ceylon which is confined to the G.A.T.T. and does not raise side issues concerning the position of bilateral agreements) and request the Head of the delegation to transmit this text to the Chairman of the contracting parties (or to the Executive Secretary) under cover of a letter informing him that the notes have been despatched to the several Governments and requesting him to circulate as a document to the contracting parties at Annecy the text of the letter and the attachments.

(b) The Head of the Canadian delegation might inform the Head of the United Kingdom delegation that he is submitting such a letter, in order that the head of the United Kingdom delegation might be able to circulate a corresponding letter confirming that, in accordance with the Canadian notes, Section B of Schedule XIX is withdrawn. I understand that the United Kingdom wish to circulate such a letter and consider that they would be in a better position to do so if it were to be preceded by the circulation of a Canadian letter such as that envisaged in paragraph (a) above.

4. I assume that any letter of the sort suggested above for circulation in Annecy would not touch on the question of the admission of codfish into the Dominican Republic which we have taken up separately with the Commonwealth Relations Office on the basis of your telegram No. 588,† but to which we have not yet received a reply from Commonwealth Relations Office.

5. If it is decided to circulate a letter at Annecy concerning the position of Newfoundland under the G.A.T.T. you may wish for the sake of tidiness to have a related letter submitted to the Executive Secretary of the Interim Commission

of the ITO[307] reporting on the changed status of Newfoundland and suggesting that, in advance of the coming into force of the Charter, he might wish to note (and to inform the signatories to the Final Act of Havana) that Newfoundland, to which a specific reference is made in Annex A, has ceased to be a separate customs territory and has become a part of the territory of Canada.

6. I am sending a copy of this telegram by air mail to the Canadian delegation in Annecy for their information pending the receipt by them of appropriate instructions from you on this subject. A copy is also being sent to Mr. Wershof in Geneva for his information. Ends.

1214. 10452-B-40

Le représentant permanent au centre européen des Nations Unies au secrétaire d'État aux Affaires extérieures[308]

Permanent Representative to the European Centre of the United Nations to Secretary of State for External Affairs[308]

TELEGRAM 80 Geneva, May 17, 1949

IMMEDIATE. Following for Plumptre from Couillard,[309] Begins: We have received yesterday air mail copy of message 1007 of May 12th, from Ritchie to you concerning the position of Newfoundland under GATT and ICITO.

2. Following is text of letter addressed to me by Shackle, Acting Leader of United Kingdom delegation, and my reply thereto which was agreed to by the Delegation here:

"The Commonwealth Relations Office are asking the Board of Trade to inform ICITO and Contracting Parties to GATT that as from March 31st, 1949, His Majesty's Government in the United Kingdom ceased to be responsible for Newfoundland, which then became a Province of Canada.

It was our understanding at the South Street talk[310] that Canada was going to take all necessary action in this respect. I should be glad to hear what the position is, and whether you think [we] ought to send in a separate notification."

"Many thanks for your letter of May 7th in which you inform us that Commonwealth Relations Office are asking the Commission to notify the ICITO and

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[307] International Trade Organization.

[308] Les messages de la délégation canadienne à la troisième session de la Conférence des signataires de l'Accord général sur les tarifs douaniers et le commerce à Annecy furent transmis par la mission canadienne la plus rapprochée d'Annecy, celle du représentant permanent au centre européen des Nations Unies à Genève.

[309] Un des représentants du Canada à la conférence à Annecy.

[310] Voir le document 1200.

[308] Messages of the Canadian delegation to the third session of the Conference of Contracting Parties to the General Agreement on Tariffs and Trade at Annecy were sent through the nearest Canadian mission, that of the Permanent Representative to the European Centre of the United Nations in Geneva.

[309] One of the representative of Canada at the conference in Annecy.

[310] See Document 1200.

Contracting Parties to General Agreement, 'as from March 31st, 1949, His Majesty's Government in the United Kingdom ceased to be responsible for Newfoundland which then became a Province of Canada.'

It is our opinion that such notification by your Government is all that is required. We do not propose therefore to make any notifications. In your second paragraph you state your understanding arises from our talk at South Street to the effect that, 'Canada was going to take all necessary action in this respect.' You will recall that the information which we supplied during the South Street talk concerning our actions vis-à-vis Newfoundland was limited to bilateral trade agreements in which Newfoundland was involved."

3. It would appear that on receipt of our views Shackle asked Vallat, who left Annecy on May 10th, to approach Canada House in this connection.

4. We fail to see why the United Kingdom, "would be in a better position to do so if it were to be preceded by the circulation of a Canadian letter such as that envisaged in paragraph 3 (a)." (See message No. 1007 paragraph 3 (b)). Furthermore, the type of Canadian letter suggested in 3 (a) could do no more than inform the delegation here of the notification which the Canadian Government addressed to their Government some weeks ago concerning bilateral trade arrangements between Canada and their respective countries. On the other (hand?), if we were to submit a letter as proposed, it might give the impression that the withdrawal of Section B by the United Kingdom would be consequential on Canadian action concerning bilateral arrangements.

5. We consider that notification by the United Kingdom as phrased in Shackle's letter is all that is necessary. Shackle could not tell us why action on our part would be helpful to the United Kingdom, let alone necessary. It seems clear to us that it is the United Kingdom which ceased to be a Contracting Party on March 31st with respect to Newfoundland, and it is Section B of the United Kingdom Schedule XIX which is to be withdrawn from the General Agreement.

6. We have not been able to determine what concessions were initially negotiated with the United Kingdom on behalf of Newfoundland in 1947, i.e., what concessions were granted to Newfoundland through the United Kingdom. We have found that the majority of the concessions granted by Newfoundland, and incorporated in Section B, were allocated to (initially negotiated with) the United States; a few were allocated to Australia (in this connection see Australian news May 15th). We do not know whether the United Kingdom proper received any concessions from other Contracting Parties in return for concessions granted by Newfoundland to such Contracting Parties. This may be what is worrying the United Kingdom in the light of the procedure outlined below.

7. Concerning the procedure by which the Newfoundland case would be dealt with by Contracting Parties, you will have seen document of GATT/CP.3/17 of April 29th, dealing with the withdrawal of Section E of United Kingdom Schedule XIX with respect to Palestine. It is logical to expect that the same procedure will be followed in the case of Newfoundland. The declaration contained in GATT/CP.3/17 was approved by Contracting Parties on May 9th, with the following amendment:

Page 3, fifth line, delete, "and accordingly that," and substitute, "(a) Section E shall be deemed to be no longer a part of the Schedule XIX and (b)."

8. I have thought that our reasons for the views we expressed to Shackle would be useful when you consider Ritchie's message. Ends.

1215. 10452-B-40

Le secrétaire d'État par intérim aux Affaires extérieures au représentant permanent au centre européen des Nations Unies

Acting Secretary of State for External Affairs to Permanent Representative to the European Centre of the United Nations

TELEGRAM 105 Ottawa, May 20, 1949

CONFIDENTIAL. Following for GATT Delegation as No. 105, Repeated to London as No. 937, Begins: Your Telegram No. 80 of May 17 concerning position of Newfoundland under GATT and ICITO.

1. We do not think it necessary or desirable for Canada to issue a further notification to the contracting parties. We take the view that the effect of Confederation on Canadian trade agreements was automatic. Nevertheless, as a matter of courtesy, we notified the contracting parties individually on March 30 and 31 of the effect that union would have on the treatment of imports into Newfoundland and exports from Newfoundland.

2. If the United Kingdom Delegation intend to make some formal statement to the contracting parties they might wish to point out in their statement that Canada, in individual notes to the contracting parties on March 30 and 31, pointed out:

(a) That from the date of union the international trade of Newfoundland would become subject to the customs tariff and the laws of Canada, and that the geographical application of trade agreements to which Canada and Newfoundland were parties would be modified accordingly.

(b) That as Canadian tariff would be applied to imports into Newfoundland from the date of union, imports from the contracting parties entering Newfoundland would then be accorded the treatment set out in Schedule V of GATT.

(c) That Newfoundland would cease to be a separate territory for the purposes of the application of Annex A of GATT but would become a part of the territory of Canada for that purpose as for other purposes relevant to GATT.

(d) That the Canadian Government anticipate that from the date of union imports into territories of the contracting parties would be given the treatment granted to imports from the other provinces and territories of Canada in accordance with the relevant Schedules of GATT.

3. We would have no objection to the United Kingdom including in their statement a reference in the foregoing terms to the action that Canada has already taken.

SOUS-SECTION IV/SUB-SECTION IV

BASES DES ÉTATS-UNIS

UNITED STATES BASES

1216. 10298-G-40

Le ministre de la Défense nationale au secrétaire d'État aux Affaires extérieures

Minister of National Defence to Secretary of State for External Affairs

PERSONAL AND CONFIDENTIAL Ottawa, October 18, 1948

My dear Colleague,

Last week Major-General Haynes, Officer in Charge of the Newfoundland Base Command, covering all U.S. Air Force operations in Newfoundland and Northeastern Canada, and Colonel Jack C. Hodgson, U.S.A.F., Air Attaché here, saw me to urge the desirability of their securing authority which would enable them to construct a number of married quarters at Goose Bay with money appropriated for similar construction at Chimo which cannot be spent there. Apparently this money can only be spent on married quarters if the United States has some title to the property. As you know, it is not our policy to give title. I believe that we should adhere to that policy but give the Americans anything short of title that is required to facilitate this construction, as our personnel have married quarters there while theirs have not.

He also spoke about the continued development of the two air bases on the Island. Apparently he is anxious to know what is likely to be the view of the Canadian government towards U.S. operations in the area before proceeding further in order that this may be considered in connection with future plans.

While this conversation was quite informal, it was entered into with the authority of Washington in an effort to explore the situation in a general way before formal representations were made.

In this connection, General Haynes gave me considerable information about the extent of U.S. operations in the area and at my request Colonel Hodgson forwarded to me a memorandum† showing personnel totalling 2,694 officers and enlisted men and 2,303 civilians, or a total of 4,997 for all U.S. Army and Air Force operations in Labrador, Quebec and Baffin Island.

I asked him to let me have similar figures for expenditures, which he said he would do on his return. Obviously these run into very large figures. Very few of the operations engaged in would be carried on by Canada solely to meet her own defence needs. In fact, it is doubtful if operations of this character would not stretch the resources of Canada to the point where they could only be carried on at the expense of activities which we consider more desirable.

Obviously this kind of question is going to come up both in connection with our discussions with the delegates from Newfoundland and in discussions with the United States and Britain.

It seems to me that we might just as well make up our minds now what line we propose to take and at the first favourable opportunity let this be known.

The alternatives would appear to be:

(1) to try to secure the termination of the U.S. 99-year lease to bases in Newfoundland and put American operations there on the same footing as elsewhere in Canada, leaving it to be decided in each case what the extent of U.S. or Canadian participation will be in any existing or new activity; and

(2) to allow the lease to remain undisturbed.

In either event we would be forced to decide whether we would assume any considerable part of responsibility for carrying on the work which the U.S. regards as essential to her security. If it is desired to facilitate the Americans carrying on, then it would appear to be desirable to disturb the present situation as little as possible.

It is quite clear that if the Americans were to be persuaded to give up their lease, it would only be on condition that they were able to do everything which they considered necessary if we didn't agree to do it ourselves.

This has become a matter of considerable urgency. I believe that it would be desirable to have a paper prepared and put it on the Cabinet agenda for discussion at the earliest possible date.

Yours sincerely,

BROOKE CLAXTON

1217. 1156-D-39

Mémorandum du président, le sous-comité de direction, le Comité interministériel sur Terre-Neuve, au ministre de la Défense nationale

Memorandum from Chairman, Steering Sub-Committee, Interdepartmental Committee on Newfoundland, to Minister of National Defence

SECRET Ottawa, October 27, 1948

UNITED STATES BASES IN NEWFOUNDLAND

The United States has the following three bases in Newfoundland:

Fort Pepperrell — an Army garrison base on the outskirts of St. John's.

Argentia — a Naval and Air base on the west side of the Avalon Peninsula.

Harmon — (or Stephenville) — an Air base on the West coast of Newfoundland.

2. The United States authorities report that as of 30 September, 1948, 1802 officers and enlisted men were stationed in these bases and that there were at the bases 1633 permanent civilian employees. (These are mainly Newfoundlanders.)

3. The United States authorities report that present operating costs for Newfoundland bases are of the order of $775,000.00 per month or $9,300,000.00 per annum. These figures, however, do not include Naval expenditures at Argentia which are understood to be substantial.

4. The eight bases granted the United States by the United Kingdom in 1941 are covered by a single overall agreement defining the rights and privileges of the United States. Separate lease agreements, each for 99 years, were drawn up as annexes to the main agreement. One lease agreement covers the three bases in Newfoundland.

5. Briefly the overall agreement provides as follows:

(a) General rights to construct, maintain and operate defence installations in these areas and to control approaches for defence purposes. (Article I).

(b) The right to operate outside the base areas within the territory in the event of war or other emergency. (Article II).

(c) Virtually complete extraterritorial jurisdiction with regard to offences committed in the base areas by United States armed personnel or citizens, by persons who are not United States nationals or British subjects, or by British subjects. (The United States has the right in the first instance to assume jurisdiction but this may be waived.) (Article IV).

(d) Rights of use by the United States of all services, facilities, roads, highways, etc. within the territory under conditions no less favourable than those applicable to the United Kingdom. (Article IX).

(e) Exemption from Customs duties for defence supplies, goods consigned to United States authorities for use or sale in institutions under United States control (such as Post Exchanges) to service personnel, employed United States nationals, and dependents of both. (Article XIV).

(f) Exemption from taxation within the territory of service personnel and employed nationals and their dependents. (Article XVII).

(g) The right to establish postal facilities in the base areas for service personnel and employed nationals. (Article XVI).

(h) United States forces stationed or operating outside the lease areas under separate agreement with the government of the United Kingdom or of the territories shall be entitled to the same rights and privileges as for those stationed within the leased areas. (Article XIX).

6. It is suggested that a comprehensive report on the problem involved in continuance of the United States bases in Newfoundland in the event of union might be prepared by the appropriate authorities.

R. A. MACKAY

1218. 17-Ds

Mémorandum du sous-secrétaire d'État par intérim aux Affaires extérieures au chef, la direction du Commonwealth britannique

Memorandum from Acting Under-Secretary of State for External Affairs to Head, British Commonwealth Division

SECRET Ottawa, October 28, 1948

U.S. BASES IN NEWFOUNDLAND

Mr. Pearson passed on to me, this morning, the attached letter of October 18 to him from Mr. Claxton, and your memorandum to Mr. Claxton of October 17.

2. Mr. Pearson's opinion is that it is very important, politically, that we should, as soon as possible, secure the agreement of the United States for a revision of the agreement granting the United States defence rights and facilities in Newfoundland and Labrador. He thinks that the United States Administration will realize the importance, politically, to Canada of revising the agreement in such a way that the United States would give up certain of the rights they now possess.

3. The United States consent to such a revision might be a *quid pro quo* for some concession which we were making to them on some other matter.

4. Mr. Pearson suggested that one sort of revision that consideration might be given to would be a limitation of the United States rights to say 25 years. Another possibility would be a diminution of the jurisdictional rights which the United States possesses under the present agreement. I raised with Mr. Pearson the question of whether we should not seek the complete abrogation of the agreement. In this event, Canada would take over from the United States the operation of the bases.

5. Mr. Pearson did not reject this possibility. I understand that the expenses involved are about $12,000,000 a year. While this would look large in our present defence budget, it would not look so large in the kind of budgets for defence which we will probably be forced to adopt in the next few years.

6. I said to Mr. Pearson that it was clearly undesirable that Canada should commit any very substantial proportion of its resources to static defence in the North, but that the bases in Newfoundland and Labrador could scarcely be considered as bases for static defence. They were, on the contrary, it seemed to me, bases for the launching of offensive operations.

7. I should be grateful if you would have a study prepared on this whole matter in consultation with Mr. Eberts and Mr. Moran.

8. You will note that Mr. Claxton, in his letter of October 18 to Mr. Pearson, said that the question was a matter of considerable urgency.

E. R[EID]

1219. 17-Ds

Mémorandum du ministre de la Défense nationale au secrétaire d'État aux Affaires extérieures

Memorandum from Minister of National Defence to Secretary of State for External Affairs

SECRET Ottawa, October 28, 1948

We have been considering what should be our attitude regarding the United States leases to bases in Newfoundland. At a dinner party at his house on Tuesday, October 26, 1948, Mr. Harrington[311] asked me what our attitude was going

[311] Ministre, ambassade des États-Unis.

[311] Minister, Embassy of United States.

to be. He indicated that the United States would probably be willing to do anything which would ensure that everything they considered necessary would be done for the defence of the continent. I said we were giving consideration to the question. Obviously if the leases remain, a continuation of the existing extraterritorial rights exempting United States Service personnel, civilians and dependents from taxes and the operation of ordinary laws would be most embarrassing.

Mr. Harrington was aware of my conversation with Major-General Haynes. He asked expressly what we could do to permit the construction of married quarters at Goose with the money appropriated by Congress for the construction of married quarters at Chimo, which were not now required. The following day at the Rideau Club I had a further word with Mr. Harrington about the married quarters. I said if what they wanted was permission, I would be glad to see that there would be no difficulty about that. They could take it that they had it now. If what they wanted was title, we would not be in a position to give them this even if the government in Newfoundland consented. If what they wanted was something in between, we would be very glad to give it the most serious consideration. I felt sure that a suitable formula could be worked out.

When I raised this matter yesterday at Cabinet, there seemed to be general feeling that to take over the leases and operate the bases might make us liable to do things which were really in excess of our power. At the present time expenditures on the bases in Newfoundland alone total nine million dollars and they were employing about twenty-six hundred Service and civilian personnel. There would be little point in our taking this attitude regarding the bases in Newfoundland unless we similarly undertook responsibility for operations in the Far North. Apart from questions of personnel and expense, it was beyond the capacity of Canada to provide the transport required either by sea or in the air.

On the other hand it was felt that a continuation of the extraterritorial rights of the United States in Newfoundland would be exceedingly embarrassing. The best solution for us would be to recognize the leases but try to secure their modification both as to term and as to extraterritorial rights.

The matter is to come before the Cabinet at its next meeting.[312] A paper prepared by Mr. MacKay is attached and should be circulated. If External has definite comments or suggestions to make, I would be glad to have them in good time.

B. C[LAXTON]

1220. 17-Ds

L'ambassadeur aux États-Unis au secrétaire d'État par intérim des États-Unis

Ambassador in United States to Acting Secretary of State of United States

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[312]À cette réunion, le 3 novembre, le Cabinet approuva la présentation d'une note au gouvernement des États-Unis. Voir le document suivant.

[312]At that meeting, on November 3, the Cabinet approved the presentation of a note to the government of the United States. See following document.

SECRET Washington, November 19, 1948

Dear Mr. Secretary,

As you know, following a referendum in Newfoundland in favour of Confederation, negotiations have been proceeding at Ottawa between representatives of the Government of Canada and Newfoundland with a view to bringing about union effective March 31, 1949. Naturally consideration has been given to the position of the United States bases at Fort Pepperrell, Argentia, and Harmon, the rights to which were secured by the United States for 99 years under an agreement made with the United Kingdom in 1941. This subject was mentioned by the Honourable James V. Forrestal, Secretary of Defense, during the course of his visit to Ottawa in August.

If union between Canada and Newfoundland is effected, the territory of Newfoundland will become a part of Canada but will, of course, remain subject to the terms of the leases. At the time when the leases agreement was made between the United Kingdom and United States Governments the war had reached its most anxious stage. The self-governing powers of Newfoundland were suspended. The cause of the United Kingdom and the Allies was in desperate need of assistance from the United States, which, although still observing the essentials of neutrality, was taking effective steps to preserve our common interest in ensuring the defence of the western Atlantic.

In view of the present and prospective world situation it is obviously in the interest of both our countries that, after union of Newfoundland with Canada, the facilities of the island should be maintained and developed for the joint defence of North America. It is assumed that, in the interests of continental security, the United States Government will desire to have United States forces continue in its Newfoundland bases.

The United States has had and now maintains especially cordial and close defence relationships with Canada. These include the arrangements worked out in accordance with the Ogdensburg Agreement reached by Mr. Roosevelt and Mr. Mackenzie King in August, 1940. These arrangements have been continued and further developed under the joint declaration of the President and the Prime Minister of February 12, 1947. They are now working to the satisfaction of both countries. Indeed it is not too much to say that never before has the defence relationship between two nations been closer or more effective in our mutual interest.

Up to the present the defence arrangements between Canada and the United States have been accepted with the utmost understanding in Canada. It has never been felt that they were arrangements imposed upon the Canadian people by the overwhelming strength of their great neighbour. There has been an almost universal feeling that our joint defence arrangements have been made between two nations on a basis of complete equality because they had common interests to defend and maintain. It is the view of the Canadian Government that the most effective cooperation and the greatest measure of security will be achieved only if the arrangements between the two countries continue in the same spirit and on the same basis.

The Canadian Government considers it of great importance that there should be early discussions between Canada and the United States with the purpose of considering certain problems affecting the Newfoundland bases which will arise when Newfoundland becomes a province of Canada. The regime which prevails in these bases under the 1941 Agreement differs markedly from that which governs all the other defence arrangements between our countries. In particular the extent of the extraterritorial jurisdiction exercised by the United States authorities over non-military activities in the leased areas would, it is feared, lead to complications after the union of Newfoundland with Canada becomes a fact. At best these complications would be embarrassing to both governments, and at worst they might prejudice essential collaboration in other aspects of North American defence. The Canadian Government believes that the prospective complete change in the political status of Newfoundland justifies some modifications of the 1941 Agreement with the object of bringing it more closely into accord with the spirit that governs the existing joint defence arrangements between the two countries. The Canadian Government, however, does not intend to advance any proposals which would restrict the effective use by the United States of the leased areas for military purposes.

These matters have been the subject of anxious consideration by the Canadian Government. I am not exaggerating the position when I say that Canadian Ministers regard them as of great importance. I am at your service to discuss them with you or any of your officials, or to take any other steps that may be helpful to assist you in appreciating the position, so as to bring the problem to a speedy and mutually satisfactory conclusion.

Yours sincerely,

H. H. WRONG

1221. 17-Ds

L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures[313]

Ambassador in United States to Secretary of State for External Affairs[313]

TELETYPE WA-2976 Washington, November 19, 1948

IMMEDIATE. SECRET. Your EX-2679 of November 18th†, Newfoundland bases.

1. I left with Lovett today a letter[314] drawn up as proposed in my WA-2959 of November 18th,† copies of which are being forwarded by bag. I also outlined to him and to Hickerson who was with him the modifications which we desire in the 1941 agreement and explained why we considered it urgent to make progress as soon as possible.

2. Lovett said that although he came fresh to the proposal he could see at once that they would have a difficult time in meeting our desiderata, and that we

[313]Ce télétype fut signalé au Premier ministre.

[314]Le document précédent.

[313]This teletype was referred to the Prime Minister.

[314]Preceding document.

would have to give them an opportunity to prepare the ground with care before we could expect any result. He remarked that as far as the State Department was concerned he expected that they would have greater difficulties with the next Congress than they had had with the present one. This was mainly due to the changes in the Senate Foreign Relations Committee, which would have Connally instead of Vandenberg as Chairman and five members on it who had not served on the Committee previously. He thought it would be hard for the State Department to persuade Congress that the modifications which we desired were in the national interest. For one thing we were seeking tangible concessions for which the return would be intangible. Those closely familiar with the defence relationship with Canada could appreciate the value of the intangibles to the United States, but it would be difficult to persuade Congress and the general public that the State Department was not making a bad bargain.

3. He was also nervous about the impact of any changes at this time in the 1941 agreement on the larger projects, particularly the North Atlantic Pact, for which they intended to seek Congressional approval at the next session.

4. He said that he would have the matter taken up immediately with the Defence Establishment, and Mr. Hickerson is going to discuss it initially with General Gruenther, Director of the Combined Staff in Mr. Forrestal's office. There would undoubtedly be opposition, particularly from the Air Force, to any modification of their rights. The Air Force had indeed been pressing the State Department without success to seek additional rights. I emphasized that Mr. Forrestal had been aware since last August that we would wish to modify the agreement when union with Canada became effective, but this did not appear to impress him very much.

5. Mr. Lovett commented that at first glance our desire to restrict United States jurisdiction in the bases in non-military matters seemed to him to be reasonable. When I mentioned our desire to shorten the term of the agreement he thought that this would raise very serious obstacles indeed, even if a firm option to renew were included. To press such a request would increase the number of opponents to any change, both in Congress and in the Defence Establishment, because of the very heavy investment they have made in the bases on the understanding that the leases ran for 99 years.

6. It will certainly take some days before any reply to this approach can be expected. I emphasized the importance of getting somewhere by the time Parliament opened. Lovett said this would certainly be kept very much in mind, but he doubted whether it would be feasible to undertake a detailed negotiation for several weeks.

7. For my own information I should be glad to know what sort of agreement with the United States you have in mind. Is it considered feasible to modify by a United States-Canadian agreement certain parts of the existing agreement with the United Kingdom, or alternatively should the whole existing agreement be replaced? You might consider whether it would be possible to keep the 1941 agreement technically in full effect while reaching a supplementary arrangement with the United States whereby they would waive in whole or in part their non-military rights in the bases. The term of the leases could not be shortened in this way, but I greatly doubt whether we can gain this point.

1222. 17-Ds

L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures
Ambassador in United States to Secretary of State for External Affairs

TELETYPE WA-3045 Washington, November 30, 1948

SECRET. My WA-2976 of November 19th. Newfoundland Bases Agreement.

1. The State Department has informed me that they hope to make some reply late this week or early next week to the representations which I addressed to the Acting Secretary of State on November 19th. They have been in touch with the Defence Department and say that "the going is difficult."

2. An examination of the agreement and its annexes relating to Newfoundland reveals some legal problems on which I would welcome further guidance. I judge that even if the present regime in the bases were to be continued unchanged after union with Canada it would still be necessary for us to arrive at a formal arrangement with the United States. For instance, wherever "the Government of the United Kingdom" is referred to in the agreement "the Government of Canada" should be substituted, and the exchange of notes of March 27th, 1941 between Mr. Churchill and the United States Ambassador which envisages the possible restoration of self-Government to Newfoundland should be cancelled or replaced.

3. The agreement itself, of course, covers the rights of the United States in the leased areas in the West Indies and Bermuda as well as in Newfoundland, and it therefore will in any event have to be continued in effect with respect to the other leased areas. The term of the leases is not mentioned in the main agreement, but is specified in the indentures of leases attached to it.

4. One difficulty which we will encounter in the negotiations is that they expect in the State Department that any modifications which they might agree to in the case of Newfoundland would lead to demands for similar changes in other leased areas, especially in Bermuda.

5. I am not sure whether any changes in the agreement, even if purely formal in character such as the substitution of Canada for the United Kingdom throughout in respect of the Newfoundland leases, would require at some stage the participation of the United Kingdom Government. The Newfoundland lease itself was made by the Government of Newfoundland, and hence presumably could continue without any change after union with Canada.

6. With regard to the exercise by the United States of military rights in the leased areas, it appears to me that an agreed interpretation of Articles 1 and 4 of the agreement based on the changed political status of Newfoundland might go a considerable distance towards meeting our wishes. Thus, under Article 1 the United States is given "all the rights, power and authority within the leased areas which are necessary for the establishment, use, operation and defence thereof *or appropriate for their control.*" We are not raising any issue about the continuance of United States military [control] of the areas, but we can argue that the rights "appropriate for their control" should now be restricted to conform as

[nearly] as possible to the practice followed in respect of United States forces stationed elsewhere in Canada. Similarly we might press for a clear statement of the circumstances in which "the United States shall elect not to assume and exercise" jurisdiction over offences in accordance with Article 4 of the agreement. Article 28 of the agreement envisages its modification in the light of experience after it has been in force a reasonable time.

7. I doubt that we shall get very far during the next discussion with the State Department, but I should like to be able when this takes place to adduce further arguments based on the text of the agreement itself. If I could have your preliminary views on the points raised in this message and related questions, it would be of considerable assistance.

1223. 17-Ds

L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures

Ambassador in United States to Secretary of State for External Affairs

TELETYPE WA-3079 Washington, December 3, 1948

SECRET. My WA-3045 of November 30th, Newfoundland Bases Agreement.

1. Hickerson has today given me verbally the initial reaction to my letter to the Under [Acting] Secretary of State of November 19th. He has had several discussions with members of the National Military Establishment, which have confirmed his judgment that it will take some time to secure an Agreement going any distance to meet our wishes. He now asks that we should give him a statement in writing of our exact desires, which he could discuss further with the Department of Defence. That Department and the Department of State are agreed that for the present the negotiations should be carried on between Hickerson and myself, without bringing the United States services directly into the talks and without pursuing the issue at the Ministerial level at least until further progress has been made.

2. The Secretary of Defence designated an officer from each of the three services to conduct discussions with the State Department. Hickerson describes their attitude as being that they have the bases under an Agreement valid for another 90 years, and therefore have to be convinced that they will secure definite advantages from the surrender of any of the existing rights. Hickerson is trying to shake them from this position. Of the senior officers of the State Department he is probably the one most trusted and respected in the Pentagon.

3. While I could base a statement of our wishes on material included in your message EX-2675 of November 17th, I think it would be more effective if the statement could be made more precise and could be related to the Articles of the 1941 Agreement, perhaps covering some of the questions raised in my message WA-3045 of November 30th. Before communicating with him again, therefore, I shall await your reply to this message.

4. It occurs to me that there might be a possibility of merging this issue in a larger project of advantage to Canada. Experience has shown, I understand, that

the sites of the United States bases in Newfoundland were not very wisely selected, that Argentia is frequently fog-bound, that the runways at Stephenville cannot be lengthened to take the heaviest planes, and that there is no particular need for maintaining a considerable establishment at St. John's. While the investment at Argentia and Stephenville is so great that I doubt that the United States would be willing to relinquish them, might there not be a possibility of getting the United States forces out of St. John's if we were to give them rights at some more useful place, perhaps Gander? I should think that some of the political difficulties which concern us would be eased if United States service personnel were stationed further away from the Capital of Newfoundland.

5. If there were a shift of this nature which would contribute to the efficient defence of North America, I think that it might be possible to scrap the 1941 arrangements completely and replace them by a new Agreement into which we could write our desiderata about non-military jurisdiction in any leased areas. I understand also that the airfield at Gander requires very large expenditure if it is to be kept in a good operating condition. Is there something to be said for an arrangement whereby it would be reconstructed and maintained by the U.S.A.F. for defence purposes, while remaining freely available for civil aviation?

6. I may be allowing my imagination to run away with me, but it seems to me that there are distinct advantages in taking the opportunity provided by union with Newfoundland to reopen the question of the installations there, and to see whether they should be adjusted to fit current strategical conceptions. I do not know whether you agree that there is a lot to be said for getting the United States forces out of Fort Pepperrell; if so, we shall only be able to accomplish this in return for concessions elsewhere. If there is merit in the idea of a new deal over the Newfoundland bases, its achievement would require a top-level approach at the right time, but I could readily explore the possibilities without any commitment or publicity.

7. In the meantime, however, we should fall in with the desire of the State and Defence Departments by providing a written statement of the modifications which we seek in the current Agreements. Ends.

1224. 17-Ds

Extrait du procès-verbal d'une réunion du Comité du Cabinet sur la défense[315]

Extract from Minutes of a Meeting of Cabinet Defence Committee[315]

TOP SECRET

U.S. BASES IN NEWFOUNDLAND; NEGOTIATIONS WITH THE UNITED STATES

. . .

12. THE MINISTER OF NATIONAL DEFENCE, AS ACTING SECRETARY OF STATE FOR EXTERNAL AFFAIRS, reported that in accordance with the decision of Cab-

[315]Cette réunion a eu lieu le 14 décembre.

[315]This meeting took place on December 14.

inet on November 3rd the Canadian Ambassador in Washington had been instructed to open negotiations with U.S. authorities for a modification of the Bases Agreement with respect to the Newfoundland bases upon the entry of Newfoundland into union with Canada.

Mr. Wrong had reported that while officials of the U.S. State Department were sympathetic, they expected to have great difficulties with the Defense departments and with Congress in meeting our wishes, as it appeared unlikely that the United States would be prepared to give up extraterritorial rights unless it could be shown that they would secure definite advantages. Mr. Wrong had suggested that the scope of the conversations be broadened to include the possibility of extending rights to the United States at Gander and Goose Bay. Also, he had asked for a more precise statement of what our requests were with respect to the bases, and some advice on the legal questions involved in seeking to change the existing agreement.

It appeared that the Canadian government's main objective was to modify somewhat the broad extraterritorial rights which the United States enjoyed in the leased areas and to bring the arrangements more in line with a principle embodied in the joint Canada-U.S. statement on defence co-operation of February 12th, 1947, viz., "All co-operative arrangements will be without impairment of the control of either country over all activities in its territory."

(Teletypes WA-2976 of 19th November and 3045 of 30th November from Canadian Ambassador in Washington to the Secretary of State for External Affairs; External Affairs memorandum, 13th December, 1948†).

13. The Minister of Trade and Commerce suggested that rights at Torbay were likely to be more attractive to the United States than rights at Gander.

14. The Prime Minister suggested that before union with Newfoundland took place, discussions with the United States should be of a preparatory nature only.

On a difficult question such as this, it appeared that a personal approach to the President was likely to achieve the best results, but this of course should only take place after the ground had been prepared by discussions with the various officials of the government who were concerned. Possibly informal discussions in the Permanent Joint Board on Defence might do something to win the support of the Defence departments.

For the time being any informal discussions at the official level should be confined to those questions which gave us most immediate concern (i.e. extraterritorial rights). No mention should be made of our desire to reduce the effective period of the Agreement.

15. General McNaughton[316] said that he would take the opportunity at the forthcoming meeting of the Board to discuss this matter informally with the Chairman of the U.S. Section. In general, it would be his policy to continue to discuss questions relating to Canada-U.S. defence arrangements on their individ-

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[316] Président de la section canadienne de la Commission permanente Canado-américaine de défense.

[316] Chairman of the Canadian Section of the Permanent Joint Board on Defence.

ual merits and not to use them as a bargaining counter to promote the conclusion of satisfactory arrangements regarding Newfoundland bases.

16. THE COMMITTEE, after further discussion, agreed that a reply be drafted to Mr. Wrong, taking into consideration the points brought out in the discussion, and be submitted for approval by the Acting Secretary of State for External Affairs and the Prime Minister before despatch.

. . .

1225. 17-Ds

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELETYPE EX-2915 Ottawa, December 22, 1948

SECRET. Your WA-3079 of December 3, Newfoundland bases.

1. I gave Cabinet Defence Committee on Tuesday December 14, the gist of your reports on your conversation with U.S. officials on this subject and the problem was discussed at some length.

2. In view of the apparently strong initial reaction of the United States defence authorities against any modification of the Bases Agreement with respect to Newfoundland bases, it was felt that, for the time being at least, we should avoid pressing the issue too strongly lest it result in a hardening of the United States attitude. As you have pointed out, we should do nothing which might have the effect of inducing U.S. officials to take up a position from which it would be difficult to recede. Our present view is that negotiations at the top level between the President and the Prime Minister may eventually be necessary. In the meantime our general tactics should be that of keeping the issue open and preparing the ground.

3. With this in view, it was agreed that General McNaughton should seek an opportunity at the present sessions of the PJBD to discuss the situation quite informally and off-the-record with the United States Chairman. He would stress the great importance in joint defence arrangements of meeting the susceptibilities of the Canadian public to any apparent restrictions on Canadian sovereignty and would suggest that continuation of the Bases Agreement in its present form after the union of Newfoundland with Canada might well be prejudicial to the atmosphere of willing cooperation which is the essential condition of our effective joint defence arrangements in general.

4. McNaughton would not (repeat not) bring the matter before the Board nor would he raise it with U.S. Service members. Further, he would confine himself to the extraterritorial aspects of the Agreement which, as you know, are those which cause us the greatest concern.

5. McNaughton reported on December 20 that in view of the President's appointment of General Henry as Acting Chairman, U.S. Section, P.J.B.D., he did not feel it would be advantageous to raise the question of bases at the recent

meeting of the P.J.B.D. in Montreal. He will, however, follow the line indicated above at the first appropriate occasion following the naming of a permanent U.S. Chairman.

6. Cabinet Defence Committee also felt that we should not for the present bring other defence matters into the discussions. Instead, the issue of the bases should be discussed on its merits.

7. In paragraph 4 of your teletype under reference, you mention the possibility of offering the United States defence rights at Gander in exchange for defence rights they might relinquish at St. John's. In this regard, I feel that it would be unwise to bring Gander into the negotiations at the present time. Gander will be one of Canada's strongest bargaining points in negotiations for the U.S.-Canada Civil Aviation Agreement and even an informal suggestion that the U.S.A.F. should share Gander might compromise these negotiations. Even should the U.S. undertake to reconstruct and maintain Gander for defence purposes and leave it freely available for civil aviation (which I feel is highly unlikely), experience in the past has shown that where the U.S.A.F. has partial control of an air field, it is difficult for civil aviation to get an even break.

8. I note from your telegram No. WA-3079 that Hickerson has asked for a written statement on the exact changes we desire in the Agreement. Having given the State Department a general written statement already, we should for the time being avoid any further written statement. You may feel that it would be useful to discuss with officers of the State Department orally and informally the points in the Bases Agreement to which we have most objection. A statement on this will be prepared. I should appreciate your views on these tactics, having in mind the general considerations set forth above.

1226. 17-Ds

L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures

Ambassador in United States to Secretary of State for External Affairs

TELETYPE WA-3234 Washington, December 24, 1948

SECRET. Your EX-2915 of December 22nd, Newfoundland bases.

1. The tactics outlined in this message seem to me to be sound. I should, however, like to go into the question in detail in a personal discussion before very long. I have from the first been concerned lest pressure from us to achieve urgent results would not assist our case.

2. When I receive the promised statement of the alterations desired in the present regime in the bases in respect of extraterritorial rights, I shall have a further talk with Hickerson. I think that I should give him something completely informal in writing to assist him in his own discussions with representatives of the Department of Defence, but I would propose to make this a personal and "oral" message from me to him.

3. With regard to my suggestion that we might seek a complete new deal over United States rights in Newfoundland, I should like to know whether it would in

fact ease our difficulties substantially (whether or not the 1941 Agreement is modified) to secure the removal of United States forces from Fort Pepperrell to a point more remote from the capital. Incidentally, in making this suggestion, I only mentioned the possibility of the United States securing rights at Gander for purposes of illustration. It might turn out that they would be willing to accept some new area for development as a base.

4. For the present it seems best that I should keep the negotiations alive without pressing for decisions. I have noted the report of the Prime Minister's statement to the Cabinet Defence Committee on December 14th that until union with Newfoundland became effective, the discussions should be only of a preparatory nature.

1227. 17-Ds

Extraits d'un télétype du secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Extracts from Teletype from Secretary of State for External Affairs to Ambassador in United States

TELETYPE EX-26 Ottawa, January 6, 1949

IMMEDIATE. SECRET. Reference my EX-2915 of December 22, Newfoundland bases.

1. The following is a general statement promised you of the modifications which we are seeking in the Bases Agreement. The Canadian Government is of the opinion that, when Newfoundland joins Canada, the United States should relinquish the following extraterritorial rights at present exercised by United States forces in Newfoundland:

(a) the right of U.S. civil and criminal jurisdiction within the base areas over United States Service Personnel and United States nationals, and criminal jurisdiction over foreign nationals and British subjects (Article IV: except as provided for by the Canadian Act governing the discipline of U.S. forces in Canada.);

(b) customs free privileges for goods consigned to service personnel and to employed nationals, and for goods consigned to U.S. institutions (e.g. the Post Exchange) for sale to service personnel or employed nationals and their dependents (Article XIV);

(c) the right to establish postal facilities in the base areas (Article XVI);

(d) the right to operate outside the base areas in the event of war or other emergency (troops and service personnel operating or established outside the base areas by agreement with the territorial authorities enjoy the same privileges as those in the base areas) (Article XIX);

(e) exemption from taxation (Article XVII) other than any such exemption now in effect in respect of the present defence cooperation projects in Canada.

2. In other words, while the Canadian Government would not wish to restrict the effective use by the United States of the leased areas for military purposes,

when Newfoundland joins Canada the United States should relinquish all those rights that it does not presently enjoy in respect of present defence cooperation projects in Canada.

. . .

8. I am in agreement with your suggestion in paragraph 3 of your WA-3234 that the removal of United States forces from Fort Pepperrell to a point more remote from the capital is highly desirable. We may wish to take this up at a later date. Although the U.S. appears to have no plans for extensive developments at Pepperrell, while considerable sums are to be spent at Argentia and Harmon Field, it may be extremely difficult to induce U.S. forces to leave Pepperrell in view of the huge sums already expended there. We will also have to consider the wishes of a large number of Newfoundlanders employed at that base.

1228. 17-Ds

L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures

Ambassador in United States to Secretary of State for External Affairs

TELETYPE WA-86 Washington, January 12, 1949

IMPORTANT. SECRET. Your EX-26 of January 6th, Newfoundland bases.

1. I had a long and inconclusive discussion yesterday with Hickerson, in which I put to him the arguments and proposals set forth in your message without giving him anything in writing. I emphasized that our particular concern was to secure the modification of the regime in the bases with respect to United States civil and criminal jurisdiction and exemption from customs duties. I said that while we also desired the elimination of the other non-military rights now enjoyed, they were not so important, since they were less likely to give rise to incidents and irritations. I stated that our general aim was to put the United States forces and civilians in the leased areas in the same position as those stationed in Canadian territory, e.g., at Churchill, in so far as this was compatible with Canadian recognition of the continuing rights of the United States to occupy the leased areas for defence purposes.

2. Hickerson is emphatically of the opinion that the United States Government will not be able to agree to a solution on these lines. He maintains that the National Military Establishment could not agree to renounce the rights which they enjoy under the agreement of 1941 without receiving some definite benefits in return, and that if they did so they would get into serious trouble with Congress and public opinion. He thinks it would be unwise for him to put to the service departments a full statement of the changes which we desire because it would stiffen their resistance to any modification.

3. The central difficulty is that we are asking for a voluntary relinquishment of rights which have been enjoyed for eight years and have ninety more years to run. All of these rights are regarded by the services here as useful and some of them as virtually essential. We are offering nothing in return except the indirect and negative benefit arising from our conviction that unless a change is made

there will be undesirable repercussions on the relations between the two countries which may prejudice harmonious co-operation in defence and in other matters. They recognize in the State Department that this is a real risk, but they also contend that what we are asking them to do in order to avoid it does not include the elements of a bargain which they can justify to the National Military Establishment, Congress, and the public.

4. I doubt that the situation could be seriously modified in our favour by an approach by the Prime Minister to the President, although the question is one which should, in my judgment, be mentioned to the President by the Prime Minister when he next sees him.

5. Hickerson is satisfied that we can solve the problem only by a more imaginative approach. He suggests that the particular issue of the extent of the United States non-military jurisdiction in the bases should be merged in larger problems of mutual defence, with the aim of replacing entirely the agreement of 1941. This might involve the extension to the United States of continuing defence rights at some new point, such as at Goose or at Gander or at an undeveloped site for an air base. He threw out the idea that an air base such as Gander might be jointly controlled for military purposes by the U.S.A.F. and R.C.A.F., with civil aviation wholly under Canadian control. He also asked me whether it would ease our political problems if, in a new agreement, we secured rights at some point in United States territory, even if we did not wish to exercise them for the present.

6. In proposing a broad solution, which would take a considerable time to work out, Hickerson is speaking personally, although I gathered that he had privately sounded out two or three senior officers in the Pentagon. He is thoroughly familiar with the background to the matter, as he was a principal United States draftsman of the agreement of 1941.

7. In discussing the possibility of a completely new arrangement, I told Hickerson that I could only speak for myself, as this solution had not been studied in Ottawa. I added that I was sure that we could not agree to anything which would involve the payment to the United States of large sums in return for the relinquishment of installations which they have built such as Fort Pepperrell, because of the heavy outlays to which the Canadian Government was already committed under the terms of union with Newfoundland. I also said that a new deal of this sort might best be concluded in relation to the North Atlantic Treaty rather than on a purely bilateral basis. He thought that provision might be made for other parties to the Treaty to have access to the facilities, but that a new agreement would have to be between Canada and the United States; and it seems to me that he is right in this. He suggested that it might be possible in a new agreement to provide for Canadian use of United States installations in Newfoundland.

8. I believe that we shall not get anywhere by continuing to press for renunciation of non-military jurisdiction without offering some definite *quid pro quo*. Hickerson could not propose any course whereby we could profitably pursue the negotiations on the present basis. It might, of course, turn out that if we left things as they are and unpleasant developments took place after union which impaired co-operation between the two countries, the United States Government would begin to see that the advantages of concessions by them were not, after all,

so intangible. I think it would be preferable, however, for us to give serious consideration to the possibility of concluding a new arrangement, reflecting present strategic needs for defence against a potential enemy who was not in anyone's thoughts when the 1941 agreement was negotiated. This would take time to develop, and it would not be possible to secure definite results by March 31st.

9. In a separate message† I am raising a number of technical questions which came up in the course of my conversation with Hickerson. Ends.

1229. 17-Ds

Extraits d'un mémorandum du secrétaire d'État aux Affaires extérieures au Premier ministre

Extract from Memorandum from Secretary of State for External Affairs to Prime Minister

SECRET Ottawa, January 24, 1949

U.S. BASES IN NEWFOUNDLAND

. . .

For our part we do not feel that a decision by the United States to give up some of its tangible rights in the leased areas for the intangible benefits of harmonious mutual cooperation would be out of line with United States foreign policy. The United States Government has already recognized under the European Recovery Programme and under the negotiations for the North Atlantic Pact that benefits which are less tangible are not always less important. It may be assumed that a decision by the United States to relinquish its present extraterritorial rights in Newfoundland would be a forceful demonstration to foreign countries in which military bases may in the future be sought by the United States of its desire to respect the sovereignty and independence of those countries. On the other hand, reference to the Joint Statement and to the special arrangements existing between Canada and the United States would enable the United States, if it so desired, to answer satisfactorily any requests from other countries for similar modification of the status of other areas leased to the United States at present or in the future.

Moreover, the abolition of extraterritorial rights would not impair the efficient operation of the bases for the military purposes for which they were designed. Providing the National Military Establishment is satisfied on this point, it would seem that the State Department would have a good case to argue in favour of harmonious relations between our countries by acceding to our request.

It has been suggested by United States officials that an entirely new agreement, under which the more objectionable sections of the 1941 Agreement would presumably be eliminated, might be negotiated. However the United States would presumably request in return for a renunciation of extraterritorial and non-military rights under a new agreement some definite *quid pro quo* such as permanent defence rights at some other point in Canada. Such a procedure, it is felt, would not solve the immediate problem. While the permanent defence rights

enjoyed by the United States in Newfoundland might be accepted in Canada as one of the obligations which we were obliged to assume as a result of Newfoundland's decision to join Canada, an agreement, informal or otherwise, to which Canada was a party and which gave to the United States permanent or continuing rights in Canada would probably be most unacceptable to the Canadian public.

It is felt that both quasi-legal arguments based on the Joint Statement and the important political arguments should convince the United States Government of the expediency and, indeed, necessity of relinquishing its extraterritorial and non-military rights without securing some definite *quid pro quo* in return. There is evidence that the United States authorities desire to install additional facilities at Goose Bay and that, while the R.C.A.F. will be taking over the airfields at Mingan, Chimo (P.Q.) and Frobisher Bay (N.W.T.), the U.S.A.F. will still wish to make use of these fields and possibly put in additional facilities. While it might be undesirable to suggest that we would be unable to cooperate in supplying these particular additional facilities, it might be useful to point out that our continued cooperation in projects of this kind might be seriously prejudiced if the United States is not prepared to relinquish their extraterritorial rights in the Newfoundland Bases.

L. B. PEARSON

1230. 17-Ds

Extraits d'un télétype de l'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures

Extracts from Teletype from Ambassador in United States to Secretary of State for External Affairs

TELETYPE WA-226 Washington, January 28, 1949

IMPORTANT. SECRET. Your EX-134 of January 18th. Newfoundland bases.

. . .

4. I hope that you will inform me shortly about the situation which will prevail at Goose Bay after March 31st with respect to the customs treatment of United States forces there. There will be an outcry from the U.S.A.F. if they are then deprived of privileges now granted them by the Newfoundland Government. This might create an opening which we could usefully employ in connection with the Newfoundland bases, but I have not enough information to estimate what the effect would be of the assimilation of the customs treatment at Goose Bay to that extended at Churchill, Edmonton and other points.

. . .

8. I do not propose to seek a further discussion of this problem at the State Department for the present. Our exchanges here have reached a point at which we require further detailed information on the lines requested in my WA-87 of January 12th before we can profitably continue the negotiation.

1231.

Extrait des Débats de la Chambre des Communes[317]
Extract from Debates of the House of Commons[317]

. . .

[M. NICHOLSON:] [. . .] Je le répète, les journaux laissent entendre que pendant son séjour à Washington, le premier ministre aura des entretiens au sujet des bases louées aux États-Unis pour quatre-vingt-dix-neuf ans. Le premier ministre ou le ministre de la Défense nationale formulerait-il une déclaration au sujet des pourparlers qui ont eu lieu entre le Canada et la Grande-Bretagne ou entre le Canada et la députation terre-neuvienne au sujet de la cession de ces bases?[. . .]

Le très honorable M. ST-LAURENT: Nous n'avons pas eu la moindre discussion à ce sujet avec la députation de Terre-Neuve, parce que, selon nous, la décision à cet égard ne relevait pas de la députation terre-neuvienne ni de celle du Canada. La concession de baux de quatre-vingt-dix-neuf ans à l'égard de certains terrains a créé des droits réels. Une fois Terre-Neuve devenue province canadienne, ces baux portant sur les terrains y décrits seront toujours valides. Ils renferment des dispositions qui vont au delà de toutes celles qu'a jamais acceptées le Canada à l'égard d'actes quelconques du gouvernement des États-Unis en territoire canadien. Nous espérons que le gouvernement des États-Unis consentira à ne pas exercer ses droits d'une manière qui porterait atteinte à nos droits de souveraineté dans Terre-Neuve. Voilà néanmoins un point qu'il importera de régler au moyen de négociations et d'accords conclus avec le gouvernement des États-Unis. La situation est ici la même que celle à laquelle devait faire face l'honorable député si, ayant loué pour quatre-vingt-dix-neuf ans un lot à bâtir sur sa ferme, il vendait ultérieurement cette ferme. Il faudrait que l'acquéreur respectât l'accord conclu au sujet de ce terrain par mon honorable collègue. Il pourrait cependant demander au détenteur du bail de conclure un nouvel accord. C'est ce que nous nous proposons de faire auprès du gouvernement américain. S'il n'est pas disposé à modifier les termes de l'accord, nous serons obligés de respecter ses droits, comme nous serons obligés de respecter la situation réelle existant actuellement dans le territoire de Terre-Neuve.

[317]Canada, Chambre des Communes, *Débats*, 1949, volume 1, pp. 447-8. Ce débat a eu lieu le 10 février.

. . .

[Mr. NICHOLSON:] [. . .] As I mentioned previously, the newspapers indicate that while the Prime Minister is in Washington he is to have some discussions there with regard to the bases upon which the Americans have ninety-nine year leases. Would either the Prime Minister or the Minister of National Defence care to make some statement with regard to discussions which have taken place between Canada and Great Britain, or between Canada and the delegation, on the question of taking over these bases?[. . .]

Mr. ST. LAURENT: There have been no discussions whatsoever with the delegation about this matter, because it was felt that it was one over which neither the Newfoundland delegation nor the Canadian delegation could make any decision. Real rights had been created by the granting of ninety-nine year leases on certain sections of land. If and when Newfoundland becomes a part of Canada, those leases will still be valid leases affecting the lands described in them. They contain provisions which go beyond the provisions to which the Canadian government has agreed with respect to anything done by the United States government in the territory of Canada, and we hope that it will be possible to get the government of the United States to agree that it will not exercise those rights in a manner that would offend against our rights of sovereignty in Newfoundland. But that is something that will have to be brought about by negotiation and agreement with the government of the United States. The situation is the same as if the hon. member, having a farm, leased a building lot on it for ninety-nine years and then sold his farm. The acquirer would have to take the farm and respect the agreement the hon. member had made with regard to the building lot. But he could go to the man who had the lease on the building lot and try to make a new deal with him. That is what we intend to try to do with the government of the United States. But if they are not disposed to make any change in the arrangement, we shall be obliged to respect the rights that exist there, just as we shall be obliged to respect as a fact the existing situation in the territory of Newfoundland.

[317]Canada, House of Commons, *Debates*, 1949, Volume 1, p. 433. This debate took place on February 10.

Nous avons déjà pressenti à ce sujet le *State Department*, mais nous n'avons rien pu conclure puisque nous n'avons en ce moment aucun droit sur Terre-Neuve. Rien de définitif ne pourra être conclu jusqu'à ce que nous possédions un droit effectif sur le territoire terre-neuvien.

. . .

We have had preliminary negotiations with the State Department, but we have not been in a position to do anything final in that regard because Newfoundland is still territory over which we have no control. Nothing definite can be determined unless and until we acquire control over the territory of Newfoundland.

. . .

1232. 17-Ds

Mémorandum[318]

Memorandum[318]

SECRET Washington, February 12, 1949

NEWFOUNDLAND BASES

The Prime Minister raised the question of the rights granted to the United States in the three Newfoundland bases by the Agreement of 1941 with the United Kingdom. He said that after the union of Newfoundland with Canada it was the desire of the Canadian Government that the non-military rights should be brought into accord with the principles laid down in the statement of February 12th, 1947, to govern defence co-operation between the two countries. He pointed to the prospect of difficulties over smuggling customs free goods imported by post exchanges in the bases into neighbouring Canadian territory, and also mentioned possible difficulties over the extent of the jurisdiction over offenders which the U.S. could exercise under the agreement.

The President remarked that he was familiar with the problems caused by smuggling from post exchanges, and Mr. Acheson said that they were currently involved in a controversy over this in Trinidad. He expressed himself as desiring a mutually agreeable solution, and suggested, with Mr. Acheson's concurrence, that a detailed statement of Canadian desiderata should be submitted as the next stage. He recognized that there would be difficulty with the U.S. Services over the relinquishment of rights now enjoyed, but thought that he and the Secretary of State could cope with this so as to give Canada some satisfaction.

Mr. St. Laurent made it clear that there was no disposition on our part to challenge the validity of the leases or of the rights accorded by the 1941 Agreement. What he hoped for was that an understanding would be reached between the two governments, perhaps in an exchange of notes, controlling the exercise of certain of the rights without impairing in any way the defence value of the bases. It would not be possible to reach a definite agreement until after the union of Newfoundland and Canada had become effective, since Canada has as yet no

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[318]Ce mémorandum fut rédigé lors de la visite du Premier ministre à Washington. L'auteur n'est pas indiqué.

[318]This memorandum was drafted during the Prime Minister's visit to Washington. The author is not indicated.

legal rights in the matter. It was left that the issue would be pursued in due course with the Department of State.[319]

1233. 10300-B-40

Extrait du procès-verbal d'une conférence de presse donnée par le Premier ministre à Washington le 12 février 1949

Extract from Minutes of a Press Conference held by Prime Minister in Washington on February 12, 1949

. . .

Question: Will you discuss the Newfoundland bases?

Answer: I suppose that it will be brought up. The proceedings for the Union between Newfoundland and Canada have not yet been completed and we are not yet in a position where we can sign anything on the dotted line because we are not the authorities for control at the present time. There were leases entered into in 1941. They were agreements between the governments of the United Kingdom and Newfoundland on the one hand and the government of the United States on the other. They are not exactly in line with arrangements for similar objectives made between the United States and Canada. We are never going to attempt to regard these leases as scraps of paper. We do think it would be preferable for the fuller cooperation of Canada and the United States to have the rights, whatever they may be under those leases, exercised within the spirit of the joint declaration made by the President and the Prime Minister on 12 February, 1947, as to what were the general principles to govern these co-operative arrangements for security between the United States and Canada, and we are hopeful in Canada that whatever rights the United States government may have they are going to be in conformity with these general principles in this declaration. We feel that between the people of the United States and Canada it does not matter so very much what is written on paper. It is the way that people behave and we hope that the behaviour on both sides of the line (will be such) (?) that we still will be able to feel that though we are very much smaller in size than you, we are being treated by you on the same plane of equality and that we are never being asked to do something because you force us but because we think it is something in the mutual interest of all.

Question: In your answer to the question of the Newfoundland bases, do you feel that those agreements or leases should be revised to fit into a new situation?

Answer: It might be more satisfactory if the leases were revised but that is not essential. If the conduct of the parties is such that we have no reason to complain and if its conduct is governed generally by the principles of the declaration of the

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[319]La note suivante était écrite sur ce mémorandum:

[319]The following note was written on the memorandum:

P[rime] M[inister] said Feb. 14 first approach should be verbal through Steinhardt[320]—joint N[ational] D[efence] and E[xternal] A[ffairs] memo of Canadian *desiderata* to be prep[are]d for Claxton and Pearson re possible clearance by Cabinet.

[320]Ambassadeur des États-Unis.

[320]Ambassador of United States.

12 February, 1947, we will have no cause to complain and I think that is very much more important than changing the wording in any written agreement.

. . .

1234. 17-Ds

Mémorandum du secrétaire du Cabinet au secrétaire, le Comité de défense du Cabinet

Memorandum from Secretary to the Cabinet to Secretary, Cabinet Defence Committee

SECRET Ottawa, February 15, 1949

RE: NEWFOUNDLAND BASES; REPRESENTATIONS TO U.S. STATE DEPARTMENT

In reporting yesterday to the Cabinet on his conversations with President Truman and the U.S. Secretary of State, the Prime Minister indicated that the President's attitude toward our desire to have some modifications made in the status of the U.S. bases in Newfoundland was most cooperative. Mr. Truman had indicated that while he anticipated resistance from the U.S. Services, he himself and the State Department were agreed that the U.S. government should do everything possible to meet our desires. Mr. Truman had requested a statement of what modifications the Canadian government would desire in the present situation.

Mr. St. Laurent said that this matter should be followed up first verbally with the U.S. Ambassador here, and then through the State Department channel. (Care will have to be taken not to get our lines crossed — the reason for bringing Steinhardt in is that he travelled back to Ottawa with the Prime Minister and was present in Washington for at least some of the discussions there.)

It was agreed yesterday that a memorandum of our *desiderata* should be prepared jointly by External Affairs and National Defence [for] consideration in the first instance by Mr. Pearson and Mr. Claxton (and possibly subsequent clearance with the Cabinet — this might not be necessary as the Cabinet's attitude is pretty well known.) I undertook to see that the two departments cooperated in the production of a draft for the two Ministers.

I would be grateful if you would set this work on foot at once. I think you will find that the material has already been brought together in an External Affairs memorandum for the Prime Minister and in the various messages which have gone to Wrong in Washington.

A copy of this note is going to Escott Reid so that an officer of his department may be assigned to work with you and National Defence in the production of this document.

A. D. P. H[EENEY]

1235. 17-Ds

L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures

Ambassador in United States to Secretary of State for External Affairs

TELETYPE WA-449 Washington, February 21, 1949

SECRET. Newfoundland bases.

1. The conversation on this subject between the Prime Minister and the President left open the question of the way in which the discussions should be continued. Mr. Acheson suggested that a detailed statement of Canadian desiderata should be submitted. The Prime Minister remarked that since Canada has not now any constitutional rights in Newfoundland and is not a party to the 1941 Agreement, a settlement could not be arrived at until after the union of Newfoundland with Canada had taken place.

2. I think that the Prime Minister may possibly have left the impression here that the discussions could be held in abeyance until March 31st. It seems to me that a presentation of our wishes on the lines of paragraph 1 of your message EX-26 of January 6th would not at this time be helpful in attaining our ends. Since the Prime Minister's visit, I have had some further conversation on this matter with Hickerson and Snow at the State Department. Although in the talk with the President no suggestion was made of concessions by Canada in return for the modification of the United States non-military rights, it should not be assumed that this has been in any way discarded. Hickerson continues to be very firmly of the opinion that the United States Government would find it impossible to reduce of its own volition the non-military rights and privileges of their forces in the bases to the level accorded their other detachments in Canadian territory. Although the cordial reception given by the President to Mr. St. Laurent's presentation increases the prospect of some concession to meet our desires, we should not assume that it will go the whole way, especially by the relinquishment of such valued privileges as exemption from Customs duties.

3. I propose to take no further action until I learn your views. I hope that it will be possible before negotiations are resumed for you to provide me with answers to a number of legal questions which I have raised in previous messages and also to indicate whether the Canadian Government might be prepared to broaden in any way the privileges extended to United States forces stationed with our permission in Canada. I understand that we allow the exercise in practice of most of the non-military rights enjoyed in the Newfoundland bases, including exemption from Customs and other taxes, at the remote detachments at Arctic weather stations and airfields such as Frobisher, while our practice is considerably more restrictive in the case of detachments on the Northwest Staging Route and at Churchill; but I have not a clear idea of the position as a whole. I am also awaiting information on the situation which will prevail at Goose Bay after March 31st, a point on which I sought enlightenment early in January. I think that I shall require the assistance of someone expert in these matters when we tackle the problem again with the State Department. Ends.

1236. 10477-A-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELETYPE EX-542 Ottawa, March 2, 1949

SECRET. Your telegram WA-449 of February 21.

Legal aspects of Newfoundland Bases.

No understanding has yet been reached with the United Kingdom on the general question of the effect of union on Agreements applying to Newfoundland. Final discussion of this matter is taking place this week in London. Canada has taken the view that all Agreements applying to Newfoundland should in principle automatically lapse at the time of union with the exception of Agreements which may be looked upon as locally connected with Newfoundland territory e.g., the Bases Agreement, while all Canadian Agreements should apply to Newfoundland from the date of union.

2. We are already committed vis-à-vis the United States to the view that Canada should inherit on the date of union the obligations involved in the Bases Agreement insofar as it relates to Newfoundland, and from the preliminary discussions which have taken place in London it may be assumed that the United Kingdom expects us to take over such obligations. For all practical purposes it may be taken for granted that Canada will assume the obligations involved in the Newfoundland Bases Agreement on Union.

3. As you know, no legislation will be required to implement the provisions of the Bases Agreement after union since the Newfoundland statute implementing the Agreement will automatically become part of Canadian law at the date of union in accordance with paragraph 18(1) of the Terms of Union.

4. The United States presently enjoys the following facilities in Canada. The only extraterritorial rights enjoyed by the United States arise from the Visiting Forces Act.

(1) *Jurisdiction.* (Art. IV of the Agreement)

Under the Visiting Forces Act (Ch. 47 of the 1947 statute), the United States military authorities may exercise jurisdiction over United States personnel stationed in Canada. The United States has no jurisdiction over Canadian citizens (and British subjects in general) or non-British subjects as provided for in Article IV of the Bases Agreement. Furthermore they have no right to exercise jurisdiction in the first instance as provided for in the same Article.

(2) *Customs and excise.* (Art. XIV)

(a) Under the provisions of Section 33 of the Consolidated Revenue and Audit Act, authority is sought for the remission, by Order-in-Council, of customs duties and excise taxes on U.S. equipment and supplies brought into Canada for joint defence purposes on the understanding that such imports will remain the property of the U.S. Government.

(b) By a broad interpretation of tariff item 703(a) which related to "travellers' and tourists' baggage," United States Government personnel, both military

and civilian, stationed in Canada in connection with joint defence receive personal packages, through specified ports, without payment of customs duty and sales tax. This arrangement is confidential. (There is no scrutiny of the number of parcels received by each person.)

(c) Under Order-in-Council P.C. 3108 of July 8, 1948, which is retroactive to April 1, 1947, there are refunded or remitted various excise taxes and other charges on goods and services purchased in Canada by or on behalf of the U.S. Government for use in connection with joint defence. This includes exemption from excise taxes on cable, telegraph and long distance telephone messages as well as transportation tickets, in certain circumstances.

(3) *Taxation.* (Art. XVII)

Under Article VI of the Double Taxation Agreement of 1942 (CTS 1942, No. 2) U.S. service personnel and civilians employed by the U.S. Government and resident in Canada are exempt from Canadian income tax. With regard to taxes coming within provincial jurisdiction the Canadian Government is committed to the view that the Canadian Government should reimburse the United States Government for provincial taxes which it may have paid. For all practical purposes therefore, it may be said that the United States Government is entitled to exemption from poll tax and similar taxes.

5. If we were to request revision of the Bases Agreement to bring it generally into line with the arrangements now in effect in Canada without complete renegotiation of the Agreement, the following are the minimum revisions which would be required:

Article I: In general, the description of the rights contained in this Article should not be construed as meaning that the United States has more rights than those which shall ultimately be agreed between the two countries.

Article II: The United States has no established right to conduct military operations in Canada at any time. This Article should be deleted without prejudice of course to any *ad hoc* arrangement which would no doubt take place should the Northern Hemisphere become a theatre of war.

Article IV: This Article should be brought into line with the Visiting Forces Act. Paragraph (1) could then read as follows:

"In any case in which a Member of the United States Forces should be charged with having committed an offence punishable under the law of the United States, the United States should have the right to exercise jurisdiction with respect to such an offence in accordance with the Visiting Forces (United States of America) Act."

The remaining paragraphs with the exception perhaps of paragraph (5) should be deleted.

Article XIV: This Article should be rewritten so as to grant the United States only the rights enumerated under sub-paragraph 4(2) of this telegram or such rights as may be agreed upon with regard to Joint Defence Projects as a whole.

Article XVII: Under the Canadian interpretation of the Double Taxation Agreement, United States contractors operating in Canada in connection with Defence Projects are not entitled as a rule to exemption from income tax. Paragraph (1) of

this Article should not therefore be construed as exempting United States contractors from income tax.

Since non-residents are not entitled to tax exemption, paragraph (3) of the Article should be deleted.

Article XIX:

Under this Article, the United States are given throughout Canada the same rights which they will enjoy in the leased areas. Should we not succeed in bringing these rights into line with present arrangements, this Article should be deleted.

6. It is thought that the above revisions of the Bases Agreement indicate in the most precise form the rights which we are now asking the United States to waive.

7. It is proposed to present an oral message to the U.S. Ambassador in Ottawa. I shall let you know further details as soon as possible.

1237. 17-Ds

Mémorandum de l'adjoint spécial du sous-secrétaire d'État aux Affaires extérieures à la direction de la liaison de défense

Memorandum from Special Assistant to Under-Secretary of State for External Affairs to Defence Liaison Division

SECRET Ottawa, March 8, 1949

I am repeating below an extract from a memorandum prepared by Mr. Pearson on March 2nd following his discussion with the United States Ambassador in Ottawa. This extract deals with the subject of the Newfoundland Bases which is of interest to your Division:

"The Canadian position on this matter was outlined. Mr. Steinhardt thought that they could meet our difficulty by negotiating a new agreement between the two countries in which Canadian rights and Canadian sovereignty would be maintained. He said, however, that in order to secure approval in Congress, Canada would have to make certain concessions. These need not be important ones, but could be 'blown up' as such, and would make it appear that the matter was being dealt with on a fully reciprocal basis. Mr. Steinhardt had in mind such things as facilities for U.S. personnel at Goose Bay, and customs privileges in regard to U.S. Post Exchanges in the Canadian North."

H. O. MORAN

1238. 17-Ds

Note verbale du secrétaire d'État aux Affaires extérieures et du ministre de la Défense nationale à l'ambassadeur des États-Unis

Oral Message from Secretary of State for External Affairs and Minister of National Defence to Ambassador of United States

SECRET Ottawa, March 19, 1949

In the opinion of the Canadian Government the prospective change in the status of Newfoundland justifies a modification of the 1941 Bases Agreement in respect of the Newfoundland Bases in order to bring that agreement into accord with the principles which, for many years, have governed the defence relations between Canada and the United States.

Thus the joint statement issued by the Prime Minister of Canada and the President of the United States on February 12, 1947, refers to the "underlying principle" that "*all cooperative arrangements will be without impairment of the control of either country over all activities in the territory*," and the recommendation of November 20, 1946, of the Permanent Joint Board on Defence, which has been accepted by both governments, states that defence cooperation projects in either country should be agreed to by both governments, should confer no permanent rights or status upon either country, and should be without prejudice to the sovereignty of either country.

Therefore, when Newfoundland joins Canada, the Canadian Government desires that the United States should relinquish the following extraterritorial rights exercised by United States forces in Newfoundland, these rights not being essential for the military operation of the bases:

(a) the right of United States civil and criminal jurisdiction within the base areas over United States service personnel and United States nationals, and criminal jurisdiction over foreign nationals and British subjects (see Article IV), except as provided for by the Canadian Act governing the discipline of United States forces in Canada which was enacted at the request of the United States authorities;

(b) customs free privileges (other than those now allowed) for goods consigned to service personnel and to employed nationals, and for goods consigned to United States institutions (e.g. the Post Exchange) for sale to service personnel or employed nationals and their dependents (see Article XIV);

(c) the right to establish United States postal facilities in the base areas (see Article XVI);

(d) exemption from taxation (see Article XVII) other than any such exemption now in effect in respect of the present defence cooperation projects in Canada.[321]

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[321]Après de longues négociations, le gouvernement du Canada a réussi à obtenir les principales concessions qu'il désirait en échange de droits accrus pour les forces des États-Unis à la base de Goose Bay qui, par rapport aux autres bases à Terre-Neuve, devenait de plus en plus importante dans la stratégie des États-Unis.

[321]After further protracted negotiations, the Canadian Government secured the principal concessions it desired in return for expanded rights for United States forces at the base at Goose Bay which by this time was assuming greater importance in the defence plans of the United States than its other bases in Newfoundland.

SOUS-SECTION V/SUB-SECTION V

EAUX TERRITORIALES

TERRITORIAL WATERS

1239.

Extrait des Débats de la Chambre des Communes[322]

Extract from Debates of House of Commons[322]

. . .

M. PEARKES: Les lois en vigueur sur la partie de l'océan située entre le Canada et Terre-Neuve subiront-elles des modifications? Autrement dit, après l'entrée de Terre-Neuve dans la Confédération, la limite de nos eaux territoriales sera-t-elle reculée? Je crois en effet que, d'habitude, lorsqu'un pays est entouré ou presque entouré par l'océan, les eaux adjacentes sont déclarées eaux territoriales.

Le très honorable M. ST. LAURENT: Nous avons l'intention de soutenir, et nous espérons obtenir qu'on se range à notre avis, que les eaux situées à l'ouest de Terre-Neuve et constituant le golfe Saint-Laurent, deviendront une mer intérieure. Nous espérons que, une fois que Terre-Neuve se trouvera comprise dans le territoire canadien, toute la partie du golfe Saint-Laurent qui est située à l'ouest de Terre-Neuve sera comprise dans les eaux territoriales du Canada, alors qu'auparavant, seule la partie voisine de la côte pouvait habituellement être considérée comme étant comprise dans les eaux territoriales. Évidemment, les lois écrites ne règlent pas cette question; cela est régi par la courtoisie internationale. C'est l'attitude que nous entendons prendre. Nous espérons que cette prétention sera reconnue valable.[323]

. . .

. . .

Mr. PEARKES: Will there be any change in the laws in force on those portions of the ocean between Canada and Newfoundland? In other words, will there be any extension of the extra-territorial waters, now that Newfoundland will become part of Canada — because I believe it is customary that when a portion of the ocean is nearly surrounded by a country, that water is declared a territorial water?

Mr. ST. LAURENT: We intend to contend, and hope to be able to get acquiescence in the contention that the waters west of Newfoundland constituting the Gulf of St. Lawrence shall become an inland sea. We hope that, with Newfoundland as a part of Canadian territory, the Gulf of St. Lawrence west of Newfoundland will all become territorial waters of Canada, whereas before there would be only the usual off-shore portion that would thus become part of the territorial waters. Of course that is a matter which is not governed by statutes; it is governed by the comity of nations. It is our intention to assert that position and it is our hope that it will be recognized as a valid contention.[323]

. . .

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[322]Canada, Chambre des Communes, *Débats*, 1949, volume 1, pp. 379-80. Ce débat a eu lieu le 8 février.

[323]Voir aussi la partie 1 (pêche chalutière) de la section xii dans la pièce jointe du document 805. Le gouvernement du Canada ne questionnait pas le prolongement des droits de pêches historiques de la France et des États-Unis le long de certaines parties de la côte de Terre-Neuve même si en effet on n'exerçait pas ces droits depuis longtemps.

[322]Canada, House of Commons, *Debates*, 1949, Volume 1, p. 368. This debate took place on February 8.

[323]See also part 1 (trawling) of Section xii in the enclosure of Document 805. The Government of Canada did not question the continuance of the historic fishing rights of France and the United States along certain parts of the Newfoundland coast even though in practice these rights had not been exercised for a long time.

APPENDICES

APPENDICE A/APPENDIX A

RÉPONSES À CERTAINES QUESTIONS PRÉSENTÉES AU GOUVERNEMENT DU CANADA PAR LE GOUVERNEMENT DE TERRE-NEUVE AU NOM DE LA CONVENTION NATIONALE DE TERRE-NEUVE[1]

ANSWERS TO CERTAIN QUESTIONS SUBMITTED TO THE CANADIAN GOVERNMENT BY THE NEWFOUNDLAND GOVERNMENT ON BEHALF OF THE NATIONAL CONVENTION OF NEWFOUNDLAND[1]

Attached, with answers, are copies of questions which, in November and December, 1947, the Newfoundland Government submitted to the Canadian Government on behalf of the National Convention of Newfoundland.

Also attached are copies of questions which the National Convention of Newfoundland directed to the Newfoundland Government in December. The second half of each of these questions asks for information regarding the position in the event of federal union of Canada and Newfoundland. The Newfoundland Government asked the Canadian Government to deal with these parts of the questions and the attached answers were accordingly prepared.

The above questions were originally asked by individual members of the National Convention and were forwarded to the Newfoundland Government by the Convention. The answers contained on pages 2 to 26 and on pages 54 to 56 were read in the National Convention on January 5th; the remaining answers were read on January 19th.

In addition to the papers attached to the answers, copies of the following documents, to which reference is made in the text of the answers, were also forwarded to the National Convention:

The Budget Speech, April 29th, 1947
The Excise Tax Act, Office Consolidation, September 1947
The Annual Report of Canadian National Railways, 1946
The Annual Report of Trans-Canada Air Lines, 1946
The Canadian Maritime Commission Act, 1947
The Annual Report of Canadian National Steamships Limited, 1946
Schedule V of the General Agreement on Tariffs and Trade concluded at Geneva on October 30th, 1947
The Customs Tariff and Amendments
Order-in-Council, P.C. 5270
Foreign Trade for November 22nd, 1947
Bill 3 entitled "An Act Respecting Emergency Measures for the Conservation of Canadian Foreign Exchange Resources."
Votes and proceedings of the House of Commons, December 18th, 1947

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[1] A moins d'avis contraire, toutes les tables détaillées, sauf une, et tous les documents mentionnés dans ce texte ne sont pas reproduits dans ce volume. Pour le document "arrangements proposés", voir la pièce jointe du document 442.

[1] Except where noted, all detailed tables, except one, and all documents referred to in the text are not printed in this volume. For the "Proposed Arrangements", see enclosure of Document 442.

Speech broadcast by the Minister of Finance on November 17th, 1947

The Bank of Canada Act, Office Consolidation, 1938

Bank of Canada, Monthly Statement of Assets and Liabilities, as at October 31st, 1947

Annual Report of the Foreign Exchange Control Board for the year 1946

Monthly Summary of Foreign Trade of Canada for November 1947, published by the Dominion Bureau of Statistics, External Trade Branch

House of Commons Debates, December 16, 1947

House of Commons Debates, July 11, 1947

QUESTION:

What is the population of Canada as at the taking of the last census?

ANSWER:

The population of Canada as of the taking of the census of 1941 was 11,506,-655. The population of Canada in 1947, as estimated by the Dominion Bureau of Statistics on the basis of figures relating to natural increase, immigration, emigration, etc., was 12,582,000.

QUESTION:

What is the total National Debt of the Federal Government of Canada?

Give a statement of the National Debt, showing each specific loan, its date of maturity and where the debt is held.

Give a statement of the various Sinking Funds set aside for the Redemption of the National Debt of Canada.

ANSWER:

The most recent complete statement of the public debt of the Dominion of Canada is that given in the Budget Speech delivered by the Minister of Finance, the Honourable D. C. Abbott, on April 29, 1947. This statement is contained in the Appendix to the Budget, pages 56 to 64 of the "Budget Speech." This statement gives details of individual loans including dates of maturity as at the date of the "Budget Speech." Copies of this publication have been made available to the National Convention but an additional copy is attached to which reference may be made.

The most recent estimate of the public debt is that of October 31, 1947, which shows the gross debt as being $17,223,229,733 (compared with $17,698,195,740 of March 31, 1947) against which should be set active assets of $4,759,131,576, leaving a net debt of $12,464,098,157.

. . .

Due to the fact that a large proportion of the Canadian national debt is held in the form of bearer bonds, it is impossible to answer the question relating to where the debt is held.

The Canadian Government meets its debts as they fall due, but like the U.S. Government, does not follow the practice of holding sinking funds against specific loans.

QUESTION:

The total amount of loans raised each year from the year 1931-32 to the year 1946-47 both years inclusive, showing where such loans were raised and what interest is being paid.

ANSWER:

Since the composition of the Canadian public debt is constantly changing — some loans being paid off, some refunded, and the ownership of some being changed — only the last statement of the composition of the debt should be used. The preceding answer contains this statement.

QUESTION:

The annual revenues and expenditures of the Dominion of Canada each year from the year 1931-32 to the year 1946-47, both years inclusive, showing the surplus or deficit each year as the case may be.

ANSWER:

In the attached table is set out a statement of revenues and expenditures of the Dominion Government for the fiscal years 1923-24 to 1946-47, inclusive, and a statement of revenues and expenditures for that part of the fiscal year 1947-48 ending on November 30, 1947. Expenditures are broken down to show ordinary expenditures, capital expenditures, special expenditures (such as relief expenditures, deficits of the Canadian Wheat Board, etc.,) and war, demobilization, and reconversion expenditures. It will be noted that special expenditures during the depression of the 1930's and war, demobilization, and reconversion expenditures during the period 1940-46 contributed largely to the deficits of the Dominion Government.

QUESTION:

What rates of taxation would be imposed upon amounts received by beneficiaries under Life Insurance Policies in the event of union between Canada and Newfoundland?

ANSWER:

The present law in Canada relating to Income Tax and Succession Duties provides as follows:

1. When proceeds of a life insurance policy are *received by the insured in a lump sum*, whether through taking the cash surrender value, or by reason of maturity of an endowment type of policy, the proceeds are not subject to income tax.

2. When proceeds of a life insurance policy *are taken by the insured in the form of an annuity, pension, or settlement option*, the periodic payments shall be liable for income tax in the same way as payments under any other annuity contract, that is, only that portion of the payments which represents interest is subject to tax, the portion which represents return of capital not being taxable. (See Sec. 3(1) (h) Income War Tax Act, copies of which have been supplied to the National Convention and a copy of which is attached for easy reference.)

. . .

3. When proceeds of a life insurance policy *go to a beneficiary upon death of the insured* the proceeds of the policy are included in the total estate of the

deceased and are subject to Succession Duties as part of the estate.

If the proceeds of the life insurance policy are payable in the form of an annuity to the beneficiary the present value of the annuity at time of death is included in the estate of the deceased for succession duty purposes. The annuity payments will be subject to income tax in the hands of the beneficiary in the same way as payment under any other annuity contract.

QUESTION:

Table information containing a list of all items such as food, clothing, manufactured and/or semi-manufactured articles, raw materials, etc., upon which the 8% general sales tax of the Federal Government of Canada is imposed.

ANSWER:

No such list of goods subject to the general sales tax exists. Instead the Excise Tax Act (pages 43-47) contains a schedule setting out exemptions from the sales tax. The same list of exemptions has been supplied to the National Convention in "Report of Meetings between Delegates from the National Convention of Newfoundland and Representatives of the Government of Canada,"[2] Part I, pages 138-143. Copies of the Special War Revenue Act and of an Act to amend the Special War Revenue Act and to change its title to the Excise Tax Act, have been supplied to members of the National Convention. A copy of the Excise Tax Act, Office Consolidation, September, 1947, is attached hereto and further copies of this Act are being made available to the Convention.

QUESTION:

Table information containing the Act or Regulations of the Government of Canada which provides for the 15% transport tax so that an appreciation of the position can be readily assessed.

ANSWER:

This is part of the Excise Tax Act and appears on pages 6-8 of the Excise Tax Act, a copy of which is attached. Regulations covering certain isolated points as provided for in the Act are also attached. (See P.C. 76/3240 on the following pages.)

. . .

QUESTION:

What is the per capita tax of the Federal Government of Canada?

ANSWER:

A very substantial portion of the Canadian Government's revenues is derived from a graduated tax on personal incomes. Those below the exempt level pay no income tax and the weight of the tax rises proportionately to income. Succession duties are likewise related to the size of estates. Another substantial source of revenue is the corporation tax which ultimately affects the incomes of individual shareholders, most of whom are in the upper income brackets. Substantially less than half of federal revenues will this year be derived from what might be termed consumption taxes, such as customs, excise, sales tax, tobacco and liquor taxes, etc., and, even in respect of these, the incidence of the taxes varies greatly as between individuals because of differences in income and other circumstances.

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[2] Voir la note 159a de la pièce jointe du document 421.

[2] See footnote 154 of enclosure of Document 421.

Moreover, figures of tax revenues in Canada include collections in respect of previous years and do not therefore reflect the current burden of the rates.

Any attempt to calculate the per capita tax in Canada by dividing the total tax revenue in any year by the population is therefore most misleading, particularly if the figure so derived is compared with a similar figure for any other country; indeed, such a comparison might produce manifestly absurd results. Apart altogether from the reasons given above it should be borne in mind that even though tax rates in country A are lower than in country B, if country A had a higher national income per capita it might well have a higher average tax per head of population than country B. The only relevant figures would be those showing taxes paid by individuals in different countries with the same income in respect of the same year, but this, of course, is a most difficult statistical computation.

QUESTION:

Has the Dominion of Canada recently applied to the United States for a temporary loan? What was the amount applied for, the amount received and under what terms was the said loan given?

ANSWER:

On November 17, 1947, the Minister of Finance announced that arrangements had been made with the Export-Import Bank of the United States for a credit of $300 million (U.S. dollars). Negotiations concerning this credit are still in process.

QUESTION:

(a) Are the "Existing Services" referred to those outlined under heading "Public Services provided by Canada" Sections 3 to 6 inclusive, excepting always of course, Section 4 and subsections (1) and (2) and Section 5 subsection (1)?

(b) If so, what are the allocations in respect of each several service? Or generally, it is desired that an understandable breakdown be made of the amount of $9,400,000.

ANSWER:

(a) With one exception the "Existing Services" referred to are those outlined in the question. The exception is an estimate of the cost of operation of the telegraph system, which is not included in this table. Since revenues derived from the system are expected roughly to balance expenditures, it was not thought necessary to include estimates for either. (See succeeding answer.)

(b) *"Ordinary" Expenditures of the*
Dominion Government in Newfoundland

The following items listed below, comprising the $9,400,000 estimated for "other departmental expenditures" (as shown on p. 16 of "Proposed Arrangements for the Entry of Newfoundland into Confederation"),[3] were compiled chiefly from reports submitted by various Departments of the Dominion Government. They represent estimates of the additional cost of extending "Ordinary" Canadian services, supplied by these Departments, to Newfoundland in a "typical" year.

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[3] Voir dépenses prévues, annexe 4, annexe à la pièce jointe, document 442.

[3] See Probable Expenditures, Annex IV, subenclosure, Document 442.

The figures must be regarded as tentative estimates only, and not as commitments by the Dominion Government. Actual expenditures might prove to be higher or lower than the estimates, depending upon circumstances which cannot now be foreseen. Since these figures are estimates of additional expenditures in a "typical" year and do not take into account the abnormal conditions prevailing at the present time, it is anticipated that additional expenditures during the first few years of union might be considerably higher than the estimates shown.

It should be emphasized again that these estimates relate to the *additional* expenditure arising from inclusion of Newfoundland and therefore do not include any part of the existing departmental expenditures even though such existing expenditures may be of benefit to Newfoundland.

See attached table.

ESTIMATES PREPARED IN THE SEVERAL DEPARTMENTS FOR THE INFORMATION OF MEMBERS OF THE CANADIAN CABINET COMMITTEE APPOINTED TO MEET THE DELEGATION FROM THE NEWFOUNDLAND CONVENTION

Department	*Additions to "Ordinary" Expenditures as a result of union with Newfoundland in a Typical Year ($000)*
Agriculture	200
Auditor General's Office	5
Civil Service Commission	10
Finance	225
Fisheries	600
Lieutenant-Governor	9
Insurance	5
Justice	150
Labour	657
Legislation	83
Mines and Resources[4]	624
National Defence	235
National Health and Welfare	473
National Film Board	30
National Revenue (including Income Tax)	325
Post Office	1,164
Public Printing and Stationery	5
Public Works	850
R.C.M.P.	500
Secretary of State	15
Trade and Commerce	137
Transport	1,393
Veterans Affairs	1,700
TOTAL	9,395

[4] La note suivante était dans l'original: [4] The following footnote was in the original:
Since the above estimates were prepared, the estimate for the Department of Mines and Resources has been revised upward to $708,000, making the total estimated additions to "ordinary expenditures" $9,479,000.

QUESTION:

I give notice that I will on tomorrow [*sic*] ask His Excellency the Governor in Commission to ask the Government of Canada if they would assist the National Convention in its consideration of the Proposals for Union by explaining in some detail the basis of computation of the table in Annex IV showing "Probable Federal Revenue" from Newfoundland in the event of union.

ANSWER:

Probable Federal Revenues — Personal Income Tax — $3,200,000

In the absence of detailed statistics relating to the distribution by income classes of Newfoundland taxpayers it was necessary to make a number of assumptions which appeared to be reasonable as to the relationship between income distribution in Canada and income distribution in Newfoundland. The estimate of the probable number of taxpayers in each income group was then multiplied by the average tax paid by Canadians in the same income group in order to arrive at the total figure of $3,200,000.

It was explained that these figures are tentative and subject to adjustment. If the detailed statistics of distribution by income classes can be provided for a recent year, estimates of revenue could be made with greater certainty.

Corporate Income Tax — $7,500,000

The Canadian rate of corporate income tax, applying in 1948 in provinces which enter into tax agreements with the Dominion Government, was applied to the latest estimate of taxable income of companies now paying taxes to the Newfoundland Government. Estimates of taxes on dividends and interest, rents, banks, and insurance companies, were based on the latest figures of Newfoundland collections, corrected to take account of any differences between Newfoundland and Canadian rates.

Succession Duties — $320,000

The total amount of death duties paid in Newfoundland for the years 1940-46 in each category and the rates of tax for each category were used to determine the total value of estates taxable during the six-year period. This figure was divided by the number of years in order to arrive at the average value of estates becoming taxable each year. The Canadian composite rate of taxation, as applicable in 1948, was applied to this average value and the figure $320,000 was the result.

Customs Duties and Import Taxes — $2,000,000

The estimate of $2,000,000 additional customs revenue which would accrue to the Federal Government as a result of union is based primarily on an analysis of Newfoundland trade in the years 1943 to 1945.

Goods now imported from Canada would, of course, be duty free. In addition, there is every reason to believe that Canadian goods will be available at a price level which will induce a substantial shift in imports from outside countries to Canada, particularly in those lines where Canadian goods are now closely competitive with foreign goods in the Newfoundland market. Finally, it was necessary to apply Canadian rates (which are substantially lower) rather than Newfoundland rates to the remaining foreign trade. On the basis of the 1943-44 Newfoundland figures (the latest complete data available at the time the esti-

mates were prepared), estimates of potential Canadian customs revenue varied from $2,400,000 with no diversion to Canada, to $1,000,000 with the maximum diversion to Canada that could be anticipated. Weighing all possibilities, it was concluded that a figure of $2,000,000, though probably on the high side for the year 1943-44, was a fairly reasonable estimate, having in mind the increase in trade since 1943-44.

Since the time the estimates were prepared, trade has been sustained at a higher level than had been anticipated, and probably if the data were to be reworked a figure somewhat higher than $2,000,000 would emerge, (though this might be offset to some extent by reduction in duties pursuant to the Geneva Agreement), but such adjustments, either upwards or downwards, are inevitable and would apply to all the estimates of both probable expenditures and probable revenues.

Liquor and Tobacco Taxes — $400,000 & $500,000

These estimates were based on consumption of liquor and tobacco in Newfoundland, as indicated by customs returns. Estimates of present consumption were altered to take into account trends of consumption indicated by figures over the past few years, and a probable decline in consumption as a result of a return to more normal levels of income and higher prices due to higher Canadian excise duties after confederation.

General Sales Tax and Miscellaneous Excise Taxes — $4,000,000 and $1,500,000

The above figures are based on revenue in Canada, reduced in proportion to population and corrected generally to account for a probable lower per capita national income than in the existing provinces and probable lower volume of sales.

Post Office — $750,000

This figure was supplied by the Post Office Department of the Dominion Government and was compiled on the basis of available information about the volume of mail in Newfoundland.

No estimate of revenue from the telegraph system is included in this figure, nor is any estimate of expenditures on the telegraph system made in the additional cost of extending "ordinary" Canadian services to Newfoundland. Since on the average these two items balance out, it was not felt necessary to include them in either estimate.

QUESTION:

The annual revenues and expenses of the Canadian National Railways and its subsidiaries from the year 1931-32 to the year 1946-47, both years inclusive, showing the surplus or deficit each year as the case may be.

The total advances made each year from the year 1931-32 to 1946-47 by the Canadian Treasury to the Canadian National Railways on account of deficits incurred or in the way of loans.

What is the total debt of the Canadian National Railways including the Canadian National Steamships also the Trans-Canada Airlines and any other transportation facilities?

ANSWER:

Attached is a table, setting out the revenues and expenses of the Canadian National Railways for the years 1937-1946, inclusive. Since the Canadian National Railways was reorganized at the beginning of this period the statements of revenues and expenditures before 1937 are not at all comparable with those for the period shown. Therefore only the latter figures have been set out.

Also attached are statements showing the change in the character of liabilities of the Canadian National Railways. It will be noted that loans by the Dominion Government to the Canadian National Railways have increased during the period while the amount of funded debt held by the public has decreased during the same period. The explanation for this is that during the recent war the Dominion Government loaned funds to the Canadian National Railways to repatriate liabilities held by the public in the United Kingdom.

The Balance Sheet in the Annual Report of the Canadian National Railways indicates the assets and liabilities of the railway system. A copy of the latest available Annual Report is attached.

Also attached is a statement setting out the deficits of the Canadian National Railways paid by the Dominion Government during the period 1937-46. From this is deducted the surpluses paid to the Dominion Government by the railway and a statement of net payments by the Dominion Government is shown.

Also attached is a statement setting out similar figures for Trans-Canada Air Lines during the period 1938-46.

The Annual Report of Canadian National Steamships Ltd., contains the consolidated balance sheet of that company. A copy of the latest available Annual Report is attached.

. . .

QUESTION:

To ask His Excellency the Governor in Commission to ask the Government of Canada to state whether, in the event of union and the consequent operation of the Newfoundland Railway and Steamship system by Canada, it would be the policy of the Government of Canada to continue in their employment all the employees of the system at the time of union, with the rights and privileges with respect to continuity of employment that are accorded to employees of the Canadian National Railways.

ANSWER:

As provided in clause 17(1) of the "Proposed Arrangements" if the Canadian National Railways were to assume responsibility for the operation of the Newfoundland Railway and its steamship services, employees of the Newfoundland Railway system would be offered employment with the Canadian National Railways with the rights and privileges with respect to continuity of employment accorded to employees of the Canadian National Railways.

QUESTION:

Whether there exists a Federal shipbuilding bounty and, if so, to give an outline of the plan?

ANSWER:

At the moment no Federal shipbuilding bounty exists in Canada. The recently-established Canadian Maritime Commission may be of interest to the National Convention in connection with shipbuilding. A copy of the Canadian Maritime Commission Act, 1947, is attached. Paragraphs 6 and 7 of the Act are relevant to the question of shipbuilding and related problems.

QUESTION:

To ask His Excellency the Governor in Commission to ask the Government of Canada whether the recent published statement of Honourable Mr. Duplessis, Premier of Quebec, on the Labrador boundary, modifies in any particular the letter and enclosure of October 29th, 1947,[5] of the Right Honourable the Prime Minister of Canada, particularly in Clause 2 of the enclosure, which reads as follows: "The Province of Newfoundland will include the territory of Labrador defined by the award of the Judicial Committee of the Privy Council in 1927 as Newfoundland territory."

ANSWER:

It is not clear from the question as to what statement of the Honourable Mr. Duplessis is referred to, but in any case the letter of October 29th, 1947, from the Prime Minister of Canada to His Excellency the Governor of Newfoundland, with its enclosure, is not modified thereby in any particular either with regard to clause two of the enclosure or any other clauses.

QUESTION:

For a statement of the changes that will occur in the tariff and excise figures as a result of the Geneva agreements and to apply these changes particularly to the items listed on pp. 126 to 138 of the Report of the Ottawa delegation.[6]

ANSWER: (Explanation of Excise Tax changes follows list of changes in Customs Tariff.)

Canadian tariff concessions which are to be made pursuant to the General Agreement on Tariffs and Trade concluded at Geneva on October 30, 1947, are set forth in Schedule V of the Agreement. A copy of this Schedule is attached. Also attached for the information of the Convention are copies of the following:

The Customs Tariff and Amendments;

Order in Council, P.C. 5270, which brings the Geneva agreements into force;

Foreign Trade for November 22, 1947, in which is reprinted a Press Release on the Geneva Agreement (see especially pp. 1028-1037).

It should also be noted that imports in general will be temporarily affected by the emergency measures announced for the conservation of United States dollars. The principal measures are set forth in the following, copies of which are attached:

Bill 5 entitled, "An Act respecting Emergency Measures for the Conservation of Canadian Foreign Exchange Resources;"

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[5] Voir la pièce jointe, document 442.

[6] Voir la note 159a de la pièce jointe du document 421.

[5] See enclosure, Document 442.

[6] See footnote 154 of enclosure of Document 421.

Votes and Proceedings of the House of Commons, December 18, 1947, (pp. i and ii).

Also attached is a copy of a speech broadcast by the Minister of Finance on November 17th outlining the measures to be adopted to deal with Canada's United States dollar problem.

Presumably information regarding changes in the Newfoundland tariff under the Geneva Agreement may be obtained from the Commission of Government.

. . .

It should be noted that the changes which have been outlined in the excise taxes of Canada (see Votes and Proceedings of House of Commons of December 18th, referred to above) are part of the Government's plan to conserve United States dollars and are not the result of the Geneva agreements. The former is an emergency measure, designed to overcome temporary difficulties arising from the tardiness in recovery of world multilateral trading. The latter is a long-run agreement designed to facilitate multilateral trade.

. . .

In addition taxes at the rate of 25% (*ad valorem*) have been announced as part of the emergency plan on the following items which were previously free of tax (see Votes and Proceedings, December 18th, 1947, referred to above): electrical appliances; electric and gas refrigerators; oil burners and air-conditioning equipment; sporting goods of certain kinds; fire-arms, except for police or military use; motors for boats (other than boats used for commercial purposes); outboard motors; motor cycles and two- or three-wheeled motor-driven vehicles; and musical instruments (except church organs).

NOTE: With reference to pages 138-143 of the Report of the Ottawa meetings, it should be noted that electricity and gas used in dwellings are being added to the list of commodities which are exempt from the 8% sales tax. (See Votes and Proceedings of the House of Commons for December 18th, page 11.)

QUESTION:

Table a Certified Copy of the Act covering the operations of the Bank of Canada as amended to date.

ANSWER:

Attached is a copy of the 1938 Office Consolidation of the Bank of Canada Act.

QUESTION:

Table a statement of the affairs of the Bank of Canada as at October 31st, 1947, showing the Gold Reserves, the amount of paper issued against such Reserves.

ANSWER:

Attached are copies of the Monthly Statement of Assets and Liabilities of the Bank of Canada, as at October 31st, 1947, showing the value of notes in circulation.

On April 30th, 1940, an Order-in-Council (the Exchange Fund Order) was enacted, providing for the sale of the Bank's gold holdings to the Foreign Ex-

change Control Board and for temporary suspension of the Bank's minimum gold reserve requirement, as referred to in Section 26 of the Bank of Canada Act. Since that time the Foreign Exchange Control Board has been the repository for the gold reserves formerly held by the Bank. Under the Foreign Exchange Control Act of 1946 this provision was extended until sixty days after the commencement of the first session of Parliament commencing in the year 1949. Copies of the 1946 Annual Report of the Foreign Exchange Control Board are attached. On pp. 24 and 25 of that Report is set out a statement of the assets and liabilities of the Board including stocks of gold and foreign exchange. In the statement to the House of Commons on December 16, 1947 (see answer to question on the amount due by Canada to the U.S.A. as balance of trade as at October 31st, 1947), the Minister of Finance stated that the Canadian holdings of gold and U.S. dollars at that time amounted to approximately $500,000,000.

QUESTION:

Table a statement showing the amount due by Canada to the U.S.A. as balance of trade as at October 31st, 1947.

ANSWER:

Copies of the Monthly Summary of Foreign Trade of Canada, November 1947 are attached. This Summary contains statements of the Canadian balance of trade with all countries, with the United Kingdom and with the United States. Exports of foreign goods are covered in the statements but movements of gold are not.

Copies of the official report of the House of Commons Debates of Tuesday, December 16, 1947 are also attached. On that date the Minister of Finance made a statement in the House of Commons (pp. 323-340) concerning the Canadian balance of payments with the United States. This statement may be of assistance to the National Convention.

QUESTION:

In the event of Federal Union with Canada would the vessels known as the "Clarenville vessels" remain in the ownership of Newfoundland or would they be passed over with other assets to the Federal Government of Canada?

ANSWER:

It is understood that the Clarenville vessels are owned by the Newfoundland Government but are operated for the Government by the Newfoundland Railway. In the event of federal union of Newfoundland and Canada, the Canadian National Railways could operate the vessels, either under arrangement with the Newfoundland (provincial) government, should the vessels remain in the ownership of Newfoundland, or as operators and managers for the Federal Crown, should the vessels become Federal Crown property.

Since these vessels appear to some extent to fall in a special category, it is felt that it would be impracticable, without a more complete examination of the matter than has hitherto been possible, to attempt to settle the question at this time. It is suggested that this is a matter which could in due course be settled equitably and to the satisfaction of both parties by the appropriate Federal and Newfoundland authorities.

QUESTION:

What was the total number of unemployed persons throughout the Dominion of Canada for each year from 1930 to 1940, both years inclusive, together with information stating the number of unemployed persons, age groups and occupations for each Province?

ANSWER:

Full information on the points raised in the question is not available.

However, statistics are available for June 1, 1931[7] and 1941 (census years) on the number of persons unemployed in each province, and their occupations, according to the classification currently used by the Dominion Bureau of Statistics. This information is detailed on the attached Schedule I.

Estimates, on the same basis, of the number of persons unemployed in Canada are available as of June 1, 1930 to 1940 inclusive, and are shown on the attached Schedule II.

For purposes of comparison Schedule II also contains data which make possible a rough comparison of unemployment rates in Canada, the United States and the United Kingdom during certain years in the same period. These data are not in all respects strictly comparable; however, they do provide a broad indication of the extent of unemployment in the three countries during the years in question.

* * *

QUESTION:

Statistics showing Exports of Salt Dried Codfish from Canada to the foreign markets over a period of years, together with some explanation of why Salt Dried Codfish Exports to the Mediterranean markets have fallen off in recent years.

ANSWER:

Canada's exports of salted cod to countries in the Mediterranean area were of considerable extent in the 1925-9 period, when they averaged about 15 per cent of total Canadian exports of this commodity. The fish involved was a product of the Gaspé fisheries, mainly, and almost all of it was exported to the Italian market — with negligible quantities to the Spanish and Portuguese markets.

This trade declined after the period mentioned as a result of several influences:

1. The general economic malaise that affected these countries after 1929 led to policies of self-sufficiency and trade restriction — taking the form of programs for building domestic fishing fleets, centralizing of import purchasing and barter agreements. This development tended to narrow the market for the Canadian products, and, of course, for the products of other countries concerned as well. Spanish imports of Newfoundland fish, for example, fell from 20 per cent of the total Newfoundland trade in 1929 to nothing in 1939. This was attributable principally to the occurrence of civil war in Spain, and Newfoundland was able to recoup her losses in part by increased sales to Italy following the Anglo-Italian trade agreement of 1938. Nevertheless, Newfoundland exports to Mediterranean countries at the end of this period accounted for only about 40 per cent of the

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[7] La note suivante était dans l'original: [7] The following footnote was in the original:
June 1 is chosen as the datum point because it has been found, with respect to seasonal fluctuations, to represent a fairly normal period.

Island's total trade in salted cod, as compared with 60 per cent at the beginning of the period.

2. The increased Newfoundland sales to Italy in 1938-9, mentioned above, were an instance of another factor in the situation, namely, the increased competition between producing countries for the possession of markets. This resulted in part from the autarchic developments just described. It was related also to the desperate dependence of most of the producing countries on the export trade in salted fish. They could cope with shrinking markets only by cutting prices and, in consequence, lowering their living standards.

This was less the case for the Canadian industry, which had a number of alternative outlets for the population involved, both within the fisheries and in other occupations. The industry was thus able to make some adjustment to the changes forced upon it by the loss of outlets in Italy and elsewhere. The closing of the Italian market in 1936, in retaliation for the imposition of "sanctions" against Italy by Canada and by other members of the League of Nations, while a severe blow to the industry on the Gaspé, was the more easily met because of the already well established system of freezing plants capable of preparing and handling fish for alternative markets.

Attached are tables showing total Canadian exports of dried codfish by years from 1920 to 1946 inclusive, and exports of Canadian dried codfish by five-year averages, 1920-24 to 1939-43.

. . .

QUESTION:

What was the total amount expended by each Province for able-bodied and poor relief, and what assistance was given by way of free grants or loans and on what terms, by the Federal Government of Canada, to each Province during the same period (1930-1940)?

ANSWER:

Attached are the following tables:

I Dominion Relief Expenditures since September 1930 — Payments to Provinces (as at January 31, 1947).

II Provincial Expenditures on Relief, 1930-1945.

III Loans to Western Provinces under Relief Acts, 1931-1941.

IV Interest on Relief Loans paid by Provinces, 1932-1947.

V Statement dated June 18, 1947, showing the Purpose for which loans were made under Relief Acts.

VI Statement showing Classification of loans outstanding secured by Provincial Treasury Bills as of June 18, 1947.

Table I sets out in some detail Dominion relief expenditures since 1930. These figures do not include loans by the Dominion to the Provinces for relief purposes, although they do include grants-in-aid. Grants-in-aid were grants given the provinces outright and were designed to cover the portion of total relief expenditure (approx. one-third) which, during the depression of the 1930's, the Dominion Government agreed from time to time to pay.

Table II sets out the expenditures of each province on relief from 1930 to 1945. Figures from the three sources listed are not strictly comparable, but the differences are not sufficient to make such a table invalid. The figures are limited to the provincial share of relief, and do not include such expenditures financed from Dominion funds, nor do they include expenditures on provincial relief works although they do include provincial contributions to municipal relief works. It should be pointed out that the care of the poor and destitute is in Canada traditionally a municipal responsibility. Municipal relief expenditures are not included in the tables although the share of the municipal expenditures paid by the Provinces would be included.

Tables III, IV, V, and VI relate to loans to provinces for relief purposes. The Federal Government made loans for these purposes only to the Provinces of Manitoba, Saskatchewan, Alberta and British Columbia.

Also attached is a copy of Hansard for July 11, 1947, containing a statement (page 5546) by the Minister of Finance explaining the Western Provinces Treasury Bills and Natural Resources Settlement Act which authorized a substantial reduction in the provincial indebtedness to the Federal Government.

QUESTION:

Whether, in the event of Union, existing or other privately-owned Broadcasting Stations would be permitted to operate and what is the policy of the Government of Canada as to power output permitted to such private stations.

ANSWER:

The policy of the Canadian Government authorities is, after receiving the recommendation of the Canadian Broadcasting Corporation in each case annually to renew licences for private commercial broadcasting stations, unless there is a special reason for non-renewal, and to grant new applications for licences for such stations where they appear advisable and technically possible.

A general ceiling of 5kw on the power of private commercial broadcasting stations has been in effect, but there have been exceptions to this and it is expected higher power will be allowed in some other cases where it appears desirable.

In the event of Union the same policies in these matters would be applied to Newfoundland as in the rest of Canada.

QUESTION:

The practice followed, under the Unemployment Insurance Act, in connection with insured persons reporting when they become unemployed; where they report, to whom and how; and whether they can be obliged to remove to another Province to accept employment.

ANSWER:

(a) An insured person under the Unemployment Insurance Act, on becoming unemployed, reports at the nearest National Employment Office set up under authority of the Act. The insured person reports at this office in order that he may register for employment, and make a claim for benefit if he so desires.

(b) When first unemployed, an insured person claiming benefit is required to report in person, unless the cost of ordinary return transportation from his residence to the nearest National Employment Office exceeds $1.20.

So long as an insured person continues to claim benefit he is required to prove that he continues to satisfy the conditions for the receipt of benefit, for example, he must prove that he is unemployed, capable of work, available for work, but unable to obtain suitable employment. An insured person is required to report once a week, if the cost of return transportation to the nearest Office is 30¢ or less; where the cost of such transportation is 31¢ to 60¢, he reports every two weeks, 61¢ to 90¢ every three weeks, and 91¢ to $1.20 every four weeks.

Where the cost of return transportation from an insured person's residence to the nearest Office is more than $1.20 he makes his claim, on becoming unemployed, by mail, and proves that he continues to satisfy the conditions for the receipt of benefit by mailing a declaration to the Office each week. This declaration must be certified by two responsible persons who have knowledge of the statements which the insured person has made.

(c) The movement of labour in general across provincial boundaries is much greater in some areas than in others. This results from the fact that some industrial centres are located near to provincial boundaries. The labour is attracted to these centres and the crossing of a provincial boundary is incidental. Clearly an insured person might be offered employment within the province in which he resides which would involve his moving a much greater distance than to accept employment in an adjoining province.

In deciding whether an insured person should be required to move to another district, whether or not the new district is in the same province, many factors would be considered. A single person without home responsibilities would be expected to move more readily than a married man with a family, for example. One of the most important considerations would be the insured person's prospects of employment in his own district. The length of time he has been unemployed, the distance of the new district from his place of residence, and the possibility of obtaining suitable living accommodation would all be weighed carefully.

The relevant section of the Unemployment Insurance Act, copies of which have been supplied to the National Convention, is section 40, which outlines, *inter alia*, the basis upon which an insured person may be disqualified from receiving benefit on account of neglecting an opportunity to engage in suitable employment. It will be noted that employment in this connection is not regarded as suitable if it is

employment in his usual occupation at a lower rate of wages or on conditions less favourable, than those observed by agreement between employers and employees, or failing any such agreement, than those recognized by good employers; or

employment . . . at a lower rate of wages, or on conditions less favourable, than those which he might reasonably expect to obtain, having regard to those which he habitually obtained in his usual occupation, or would have obtained had he continued to be employed.

Also, until a reasonable length of time has elapsed, employment is not regarded as suitable if it is employment of a kind other than employment in his usual occupation.

The only persons who have so far been moved from one province to another under the Unemployment Insurance Act have been single persons over twenty-one years of age who have themselves been willing to make the move. They constitute a very small fraction of the total number of persons insured and the federal authorities have paid their transportation expenses wherever this was considered necessary. In short, while an insured person who is unemployed can be required to remove to another province to accept employment, there are numerous conditions which must be satisfied before this can take place, and, in fact, the only such movement which has so far occurred has been on a voluntary basis.

QUESTION:

Whether existing specially low rates charged to fishermen travelling by Railway trains and steamers between Newfoundland and Labrador would be continued in the event of Union.

ANSWER:

The nearest existing Canadian parallel to the above arrangement would appear to be the special reduced rates afforded by the Canadian National and Canadian Pacific Railways for the movement of harvesters to the Prairies and return. These reduced rates are provided directly by the railways and not as a matter of governmental arrangement.

In the event of Union, there would appear to be three possible ways in which existing specially low rates charged to fishermen travelling by railway trains and steamers between Newfoundland and Labrador could be continued:

(1) The Railway could provide the reduced rates directly;

(2) The Newfoundland Government could make an arrangement with the Railway under which the Railway would provide the rates; or

(3) The Federal government could make such an arrangement.

It is suggested that the question as to which of these alternatives should be adopted is one which could in due course be settled by the appropriate authorities in Canada and Newfoundland.

QUESTIONS:

What amounts of money were paid by the Canadian Government for each of the Railway Systems as follows: The Grand Trunk, the Grand Trunk Pacific and the Canadian Northern all three of which are now included in the Canadian National Railways System? What was the total amount in dispute and defaulted on by the Canadian Government in respect of the Grand Trunk Bonds held by English Financial Institutions?

Did the Canadian Treasury guarantee any loan to the Canadian Pacific Railway prior to 1940 and if so, what was the amount?

ANSWER:

It has been found that the preparation of adequate answers to these questions would involve a considerable amount of research. As it does not appear that the information sought in the questions bears any significant relation to the question

of possible federal union of Newfoundland and Canada, no answers to the questions are being forwarded at this time. However, should the National Convention feel that answers are essential and request that answers be prepared, every possible step will be taken to obtain the desired information.

QUESTION:

Whether, in the event of Union, it would be the policy of that Government to reduce the number of personnel employed by the Newfoundland Railway System.

ANSWER:

In the event of union employees of the Newfoundland Railway System would be covered by Clause 17, section (1) of the "Proposed Arrangements" which reads as follows:

"17. GOVERNMENT EMPLOYEES

(1) Employees of the Government of Newfoundland in services taken over by Canada as provided for in clause 5 above will be offered employment in the corresponding Canadian service under the terms and conditions governing employment in that service, but without reduction in salary or loss of pension (superannuation) rights acquired under Newfoundland law."

As indicated in the answer to a previous question, "if the Canadian National Railways were to assume responsibility for the operation of the Newfoundland Railway and its steamship services, employees of the Newfoundland Railway system would be offered employment with the Canadian National Railways with the rights and privileges with respect to continuity of employment accorded to employees of the Canadian National Railways."

QUESTIONS:

Does the Federal Government agree to operate the Railway no less efficiently than at present and to maintain present day schedules and services on both the cross-country and the branch lines?

Does the Federal Government agree to operate the Coastwise Services no less efficiently and to maintain present day schedules and services as provided by steamship and motor vessels?

Does the Federal Government agree to continue in service all telegraphic, telephonic and postal communications as presently provided with particular reference to thinly populated areas?

(It seems appropriate to answer these three questions together since the same general principles will apply.)

ANSWER:

Although it may be anticipated that existing services provided by the Newfoundland Railway and its coastal ship services, by the government-owned telegraph and telephone, and by the post office, would in general be continued after union, it would be inappropriate to undertake in the terms of union to continue existing services indefinitely since it is impossible to predict accurately the future needs of the communities concerned.

It is the general policy of the Canadian government to provide efficient and adequate services for whatever communities are served by government-owned

railways and other government-owned transportation or communication services. In this respect there would be no discrimination against Newfoundland communities. Without a detailed examination of the needs of Newfoundland communities served by such services, and as well of the schedules and standards of services presently provided, it is impossible to say whether present schedules and standards of service would after union be deemed efficient and adequate.

QUESTION:

If so, does the Federal Government agree to provide these services outlined in paragraphs 1-3 inclusive without increased cost to the individual or to the Provincial Government?

ANSWER:

It is understood that railway freight and passenger rates and postal rates are in general lower in Canada than in Newfoundland. In the event of Union, Newfoundland consumers of these services would in general be likely to benefit by the extension of Canadian rate schedules to Newfoundland.

It should also be noted that railway freight and passenger rates, telegraph rates, and to some extent telephone rates, in Canada are under the jurisdiction of the Board of Transport Commissioners whose duty it is to protect the public against unfair and unreasonable rates. The jurisdiction of the Board would in the event of union be extended to include these public services in Newfoundland.

With respect to rates on government-owned coastal ships, it is understood that rate schedules have been largely determined by competition from private carriers, a condition which might reasonably be expected to continue after union.

With respect to the cost of such services to the Newfoundland Government after union, it should be noted that the Provincial Government would, like private consumers, pay only for services rendered. Any deficits would be met by the Canadian government or the federal governmental agency responsible for providing the service.

Although it would be inappropriate to guarantee in the terms of union that there would be no increase in any rates in any of the above services after union, it would seem that in general Newfoundland users of these services after union would benefit from the extension of Canadian rate schedules and the Canadian system of protecting consumers from unfair and unreasonable rates.

ANSWERS TO PARTS OF CERTAIN QUESTIONS FORWARDED BY HIS EXCELLENCY THE GOVERNOR OF NEWFOUNDLAND ON BEHALF OF THE NATIONAL CONVENTION OF NEWFOUNDLAND BY LETTER UNDER DATE OF DECEMBER 9, 1947

QUESTION:

What was the total amount of taxes collected from the people of Newfoundland for the fiscal year 1946-47 under the following headings:

(a) Personal Income Tax (b) Corporate Income Tax and (c) Death Duties.

In the event of Newfoundland becoming a Province of Canada, what would be the comparative taxes collected by the Federal Government under present Canadian Taxation rates under:

(a) Personal Income Tax (b) Corporate Income Tax and (c) Succession Duties.

ANSWER (TO SECOND PART):

In Annex IV, page 15 of "Proposed Arrangements for the Entry of Newfoundland into Confederation," are set out the estimates of additional Federal revenues from personal income tax, corporate income tax, and succession duties, that would probably arise as a result of the inclusion of Newfoundland within Canada in a full year at the rates of tax exacted in the 1947 Federal budget on the assumption of a continuation of present levels of economic activity in Newfoundland.

The amounts are as follows:

Personal income tax	$3,200,000
Corporate income tax (including withholding tax)	7,500,000
Succession duties	320,000

QUESTIONS:

Give a statement showing the Customs Duties collected on goods imported from the U.S.A., Great Britain, Canada and other countries for the year 1946-47 and in the event of Union with Canada, what would be the duties collected on the same quantities of goods and value imported from U.S.A., Great Britain and other countries under the Canadian Tariff as it at present exists, for the year mentioned above?

Give a statement showing the amount of taxes collected on liquors imported from Great Britain, Canada and the U.S.A., as well as other countries for the year 1946-47 and in the event of Union with Canada, what would be the duties collected by the Federal Government of Canada under the Canadian rate of duty as now existing?

Give a statement showing the total amount of taxes collected on tobaccos, cigarettes and cigars imported from the United States, Great Britain and Canada and other countries for the fiscal year 1946-47 and, in the event of Union with Canada, what would be the duties collected by the Federal Government of Canada for similar quantities under the Canadian rate of duties as now existing?

ANSWER (TO SECOND PART OF EACH QUESTION):

One of the basic assumptions underlying the Canadian estimate of additional federal revenue to be derived from customs duties as a result of the inclusion of Newfoundland within Canada, is that goods imported into Newfoundland from Canada would be free of duty under confederation and that a diversion of Newfoundland trade would take place from other countries to Canada as a result of the disappearance of the tariff barriers between Canada and Newfoundland.[8] This being the case it would be impossible to compare figures showing customs duties collected in Newfoundland during the fiscal year 1946-47, and estimates

[8] Une note dans l'original renvoya le lecteur aux paragraphes sur les droits de douanes et les taxes sur les importations dans la réponse à la onzième question.

[8] A footnote in the original referred reader to the paragraphs dealing with Customs Duties and Import Taxes in the answer to the eleventh question.

of duties collected after confederation. Both quantities and values of goods imported are expected to change.

An estimate of the addition to Federal revenue from customs duties and import taxes as a result of the entry of Newfoundland into confederation is set out in Annex IV on page 15 of "Proposed Arrangements for the Entry of Newfoundland into Confederation." The estimate is as follows:

Customs duties and import taxes $2,000,000

QUESTIONS:

What were the total Excise Taxes collected by the Department of Customs under the different headings for the fiscal year 1946-47 and, in event of Union with Canada, what would be the total amount of similar taxes collected under the present Canadian Excise rates?

In the event of Union with Canada and in the event of Canada supplying from its own manufacturing plants all our liquor requirements, what would be the total excise tax collected by the Federal Government of Canada annually?

ANSWER (TO SECOND PART OF EACH QUESTION):

It would be misleading to compare estimates of increases in collections of Canadian excise taxes as a result of the inclusion of Newfoundland within Canada with collections of excise taxes in Newfoundland by the Newfoundland Government, since, in addition to excise taxes, the Federal Government levies excise duties on liquor and tobacco. Estimates of additions to Federal revenue from excise taxes and excise duties as a result of the entry of Newfoundland into confederation are set out in Annex IV on p. 15 of "Proposed Arrangements for the Entry of Newfoundland into Confederation." They are as follows:

Liquor taxes	$ 400,000
Tobacco taxes	500,000
General sales tax	4,000,000
Miscellaneous excise taxes & sources of revenue	1,500,000

QUESTION:

What was the total amount of Revenue collected by the Department of Posts and Telegraphs for the fiscal year 1946-47 and, in the event of Union with Canada, what would be the amount of Revenue collected by the Canadian Federal Government under their present system of Posts and Telegraph Charges?

ANSWER (TO SECOND PART):

The estimate of the addition to Federal postal revenue arising out of the inclusion of Newfoundland within Canada is $750,000. (See Annex IV, p. 15, "Proposed Arrangements for the Entry of Newfoundland into Confederation").

No estimates of either revenues or expenditures in connection with the telegraph service are included in the tables setting out estimated additions to revenues and expenditures of the Federal Government. Since they appear to have roughly balanced over the past years it was not considered necessary to include them.

ADDENDUM

On January 13th the Newfoundland Government forwarded to the Canadian Government an additional question which it had received from the National Convention. The Canadian Government was requested to furnish a reply to the question, which read as follows:

I give notice that I will on to-morrow [*sic*] ask the Commissioner for Finance and/or the Commission of Government that, in the event of Newfoundland becoming a province of Canada, what would happen to the deposits now lying in the Newfoundland Savings Bank.

Would the Newfoundland Savings Bank continue as at present and would the depositors continue to receive the same rate of interest on their deposits as they now receive?

The following answer was forwarded to the Newfoundland Government on January 26th and read in the National Convention on the same day:

Moneys on deposit in the Newfoundland Savings Bank at the time of union would remain the property of the depositors.

While Parliament has legislative jurisdiction over banks and banking inclusive of savings banks, there is no federal statute purporting to affect provincial government savings institutions, and the Province of Ontario has for a great many years operated a savings bank quite similar to that of Newfoundland without any interference by federal authorities.

APPENDICE B/APPENDIX B

CORRESPONDANCE RELATIVE À LA PRÉPARATION DE L'ÉTUDE SUR TERRE-NEUVE PUBLIÉE PAR LE ROYAL INSTITUTE OF INTERNATIONAL AFFAIRS[9]

CORRESPONDENCE ON PREPARATION OF STUDY ON NEWFOUNDLAND PUBLISHED BY ROYAL INSTITUTE OF INTERNATIONAL AFFAIRS[9]

1. 1022-40

Le secrétaire national, l'Institut canadien des Affaires internationales, au conseiller, le ministère des Affaires extérieures

National Secretary, Canadian Institute of International Affairs, to Counsellor, Department of External Affairs

Toronto, August 26, 1940

Dear Dr. Keenleyside,

For some time we have been anxious to have the Research Committee undertake some studies in connection with Newfoundland. The project was approved in principle a year ago, and there now seems to be some likelihood that we will be going ahead with it during the coming months. Bert MacKay of Dalhousie will probably be in charge of the work, which will be divided among two or three persons and will cover economic, political and military questions.

It would assist MacKay in his plans if he were aware that the Department of External Affairs considered the work on this subject would be worth while and timely at this stage. Moreover, he asked me to find out whether a competent research worker employed on such a project would be able, in Ottawa, to discuss problems of Newfoundland informally and unofficially with competent members of the Department.

I am very pleased to learn that you are on the newly appointed joint committee.[10] My congratulations.

Sincerely yours,

JOHN B[ALDWIN]

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[9] R. A. MacKay, ed., *Newfoundland. Economic, Diplomatic and Strategic Studies*. Toronto: Oxford University Press, 1946. 577 pp.

[10] Commission permanente canado-américaine de défense.

[10] Permanent Joint Board on Defence.

2. 1022-40

R. A. MacKay au conseiller, le ministère des Affaires extérieures

R. A. MacKay to Counsellor, Department of External Affairs

Halifax, September 3, 1941

Dear Keenleyside,

This will introduce to you my friend, Professor A. M. Fraser of St. John's, Newfoundland. He is making a survey of existing material for a study of Newfoundland-Canada relations. As you probably know the Royal Institute of International Affairs and the Canadian Institute are considering a study of Newfoundland and are hoping to raise a grant from the Carnegie Foundation. Mr. Fraser will be engaged on part of the study. If you could facilitate his visit to Ottawa by introducing him to the Secretary of State's Dept. and the Dept. of National Defence in order that he might search for documentary material on the history of Canada-Nfld. relations it would be greatly appreciated by him and by all of us who are engaged in launching the study. And any suggestions you have to make will be greatly appreciated also.

My kindest regards,

R. A. MacKay

3. 1022-40

Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures

High Commissioner in Newfoundland to Secretary of State for External Affairs

Despatch 60 St. John's, November 20, 1941

Sir,

I have the honour to report to you on the survey of Newfoundland which is now being conducted under the auspices of the Royal Institute of International Affairs. The undertaking of this survey by "Chatham House" was first announced in Newfoundland by Mr. Penson, then Commissioner for Finance, shortly before he left his post here on August 31st. Apparently a study of this kind has been under consideration for some time. It is not expected that the final report will be available for at least 12 months.

2. The St. John's Branch of the Royal Institute of International Affairs, the Canadian Institute of International Affairs, and an American organization, I believe the Council of Foreign Relations, are assisting "Chatham House" in this research work. The Carnegie Corporation has made a grant of $8,250. in Newfoundland currency to finance this survey.

3. The Chairman of the Survey Committee is Sir Campbell Stuart of London, who was in this country at the end of September in this connection, and who subsequently visited Canada. Dr. R. A. MacKay of Dalhousie is one of the

members and is going to supervise the preparation of the economic sections of the report. He was also here in September and early October before returning to Halifax to resume his academic duties. Professor Saunders of the Universities of Dalhousie and Toronto has been here for some time doing research on the economic aspects of the survey. Professor A. R. M. Lower of Winnipeg spent a few weeks here last summer and is, I understand, going to prepare the section concerning the geographical and strategical position of Newfoundland. Professor A. M. Fraser of the Memorial University College in St. John's, has been granted a year's leave of absence to enable him to work on the historical section of the survey.

4. The Annual Report of the Royal Institute of International Affairs, recently issued, refers to the Newfoundland survey in these words:

"The purpose of the study is the examination of the position of Newfoundland in the light of changing world conditions. It will not aim at making recommendations in regard to internal policy or future status, but rather at an understanding of the chief problems which face the Government and the people, and especially those which demand adjustment in view of the war and external developments."

I have etc.

C. J. BURCHELL

4. PRO/DO 121 92 X/J7853

Extrait d'un mémorandum du Dominions Office[11]

Extract from Memorandum by Dominions Office[11]

[1942]

. . .

48. *Chatham House Enquiry*. It is particularly fortunate that the Institute of International Affairs should now be conducting a comprehensive survey of Newfoundland, with emphasis on economic policy, which appears likely to face up to some of the questions posed above. The report should at least provide an up-to-date analysis.

49. The survey is being undertaken jointly by the Royal Institute of International Affairs, the Newfoundland Branch of the Institute and the Canadian Institute of International Affairs, with a grant of over £2,500 from the Carnegie Corporation of New York and the Chatham House Rockefeller Research Grant. The Supervisory Committee comprises

Sir Campbell Stuart, Chairman of Imperial Committee, Chatham House. (Chairman).

John W. Wheeler-Bennett, Director, British Press Service, New York, and Vice-Chairman, Information Committee, Chatham House.

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[11] C. G. McKenzie.

Sir John Hope Simpson, Newfoundland Commissioner for Natural Resources 1934-36.

Dr. V.P. Burke, Department of Education, St. John's.

R. Duder, Lecturer, Memorial University College, St. John's.

Professor H.A. Innis, Head of Department of Economics, Toronto University.

G. F. Curtis, Professor of Law, Dalhousie University, Nova Scotia.

Professor Edward Mead Earle, Chairman, American Committee for International Studies, Princeton.

R. A. MacKay, Professor of Political Science, Dalhousie University, Nova Scotia. (Director of the Study).

50. The "collaborators" who do the field work, are

R.A. MacKay, (Director).

A.M. Fraser, Professor of History and Economics, Memorial University College, St. John's.

Dr. S.A. Saunders, Toronto University.

A.R.M. Lower, Professor of History, University of Manitoba, Winnipeg.

51. The survey is being closely related to enquiries by the Canadian Salt Fish Board, Halifax, an investigation at Dalhousie University, Nova Scotia, into the impact of the war on the Maritime Regions of Canada, and a study of Canadian-Newfoundland relations by the Halifax Branch of the Canadian Institute of International Affairs.

. . .

5. 1022-40

Le sous-secrétaire d'État adjoint aux Affaires extérieures au haut commissaire à Terre-Neuve

Assistant Under-Secretary of State for External Affairs to High Commissioner in Newfoundland

Ottawa, July 3, 1943

Dear Mr. Burchell,

I asked John Holmes for a note on the work on Newfoundland to which you refer in your letter of June 17th.† Mr. Holmes, who is now with this Department, was formerly National Secretary of the Canadian Institute of International Affairs.

His note, which will be of interest to you, reads as follows:

"The study of Newfoundland to which Mr. Burchell refers is a joint project of the R.I.I.A. and the C.I.I.A. Fraser's historical section is only one part of a general study. The economic section is largely the work of S.A. Saunders of Toronto. The Committee in charge of the project includes Englishmen, Newfoundlanders and Canadians. The Secretary is R. A. MacKay. It is my understanding that the work is virtually completed and should be ready for publication this year. The study is entirely unofficial and those in charge are anxious to

maintain scrupulously this unofficial character so that a ticklish question may be handled honestly without causing intergovernment complications. For this reason, I believe that it would not be possible for any government official to see the manuscript in advance, lest it might be presumed that he had any responsibility for statements made. The Committee in charge may not adhere to so rigid an understanding, of course, but I think this was the original intention."

Yours sincerely,

H. F. FEAVER
for the Assistant Under-Secretary
of State for External Affairs

6. R.A.M.

Mémorandum du conseiller spécial du sous-secrétaire d'État aux Affaires extérieures[12]

Memorandum by Special Assistant to Under-Secretary of State for External Affairs[12]

Ottawa, February 12, 1944

NEWFOUNDLAND STUDY PROJECT

A grant was made for this project of $7,500 in March 1941 by the Carnegie Corporation and an additional amount of $3,000 was made available by the Royal Institute of International Affairs. On March 8, 1943 an additional sum of $750 was made [available] by the Carnegie Corporation to conclude the Study. $500 was raised privately by the Secretary.

In June 1941 the following Supervisory Committee, representing the Royal Institute of International Affairs, the Canadian Institute of International Affairs, and the Newfoundland Branch of the Royal Institute, was appointed by the Royal Institute: Sir Campbell Stuart, G.C.M.G., K.B.E., (Chairman), Chairman Imperial Committee, Royal Institute of International Affairs; Professor H. A. Innis, (Treasurer), University of Toronto; Dr. V. P. Burke, O.B.E., Superintendent of Education, St. John's, Newfoundland; Professor R. Duder, Memorial [University] College, St. John's, Newfoundland; Professor E. M. Earle, Institute of Higher Studies, Princeton, New Jersey; Sir John Hope Simpson, K.B.E., Director of Research, Royal Institute of International Affairs; President N. A. M. MacKenzie, University of New Brunswick, Fredericton, N.B.; John W. Wheeler-Bennett, Esq., British Press Service, New York; Alternates for Professor Innis and President MacKenzie: Professor A. Brady, University of Toronto; Professor George Curtis, Dalhousie University, Halifax, N.S.; Professor R. A. MacKay (Secretary and Director of Research), Dalhousie University, Halifax,

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[12] R. A. MacKay est devenu un conseiller spécial du sous-secrétaire d'État aux Affaires extérieures en 1943.

[12] R. A. MacKay became a Special Assistant to the Under-Secretary of State for External Affairs in 1943.

N.S. Two meetings of the committee were held, one in New York in June, 1941 and one in St. John's, Newfoundland in October, 1941.

Professor A. M. Fraser of St. John's, Newfoundland was commissioned to write a study on the "Diplomatic History of Newfoundland since 1854;" Dr. S. A. Saunders of Toronto was appointed to prepare a report of the "Economy of Newfoundland;" and Professor A. R. M. Lower of Winnipeg was appointed to prepare a report on the "Strategic Geography of Newfoundland." For purposes of research extended visits to Newfoundland by Dr. Saunders and Professor Lower and the Secretary of the Committee were necessary as well as a visit to Ottawa by Professor Fraser.

Reports have all been completed in first draft, together with an introduction by Professor R. A. MacKay and a paper on "Newfoundland in British Strategy to 1815" by Lieutenant-Commander G. S. Graham of Victoria, B.C. Copies of the whole manuscript have been sent to members of the Supervisory Committee for their comments and criticism in accordance with the usual procedure of the Royal Institute and the Canadian Institute. The Committee is widely scattered geographically, and comments on the manuscript from all members can scarcely be expected for a few weeks yet. As soon as comments are all received, it is proposed to prepare the manuscript for publication. It is not anticipated that further research will be necessary, though considerable editorial revision will probably be required.

In addition to the above manuscript, a statistical study of Newfoundland's external trade has been done by Dr. Saunders and Mr. H. A. Cummings of St. John's, Newfoundland. This will have only a limited interest and will probably not justify the expense of printing. Arrangements have, however, been made for mimeographing by a government department.

R.A.M.

7.

H. A. Innis à R. A. MacKay

H. A. Innis to R. A. MacKay

Toronto, February 14, 1944

Dear Bert,

I have read Part III of the Nfld mss. [manuscript] and am sending it on to MacKenzie. I doubt whether I have more than the obvious criticisms about duplication. Your chapter to some extent might come just — or parts of it might come just as a background. I have an impression that it is not free of propaganda and I suspect the Newfoundlanders will be in no doubt about it. The elimination of a page or so would remove the impression and probably not affect the value of the work. Otherwise it will be a very useful document and you should push on with its publication.

Yours,

HAROLD A. INNIS

8. R.A.M.

R. A. MacKay à la secrétaire adjointe, Royal Institute of International Affairs

R. A. MacKay to Deputy Secretary, Royal Institute of International Affairs

Ottawa, April 21, 1944

Dear Miss Cleave,

I have your letter of March 28.[†]

I am very sorry that I neglected to send you the additional copy of the Newfoundland Study. I had sent copies to members of the Committee on this side and intended sending one to you as soon as one came back, but overlooked it. I am sending an additional copy by diplomatic bag, Canada House, in order to expedite matters.

Thank you very much for the comments on the Economic Section and the Editorial Introduction which will be duly noted.

Your third paragraph asks whether the material has been shown to the Newfoundland Government. If you mean the Commissioners, no! On the other hand, different officials of the Newfoundland Government have been shown sections in which they might be presumed to have special knowledge, for example, the sections on Fisheries, Finance, and Education. I feel that it would be undesirable to show it to the Commission of Government. I think, on the whole, the Commissioners are given more credit in the report than they will [be given] by the people of Newfoundland.

The Newfoundland Branch of the Institute has gone all over the Study with a fine-tooth comb, and seemed generally very pleased with it, with the exception of the Section on Education and the earlier Study by Lower on Newfoundland's Strategic Position. A detailed criticism of the Section on Education has been received and the material revised to take account of what acts as legitimate criticism or protest. A copy of the revised material will be sent back to the Newfoundland Branch. I enclose copy of a letter[†] written by Dr. Saunders about the Section on Education, which you may want for record purposes.

I am sending Professor Fraser's material back to him for a final check-up and revision. On the whole, his material is very accurate but is somewhat dull in style. Further, I think he should read the main secondary sources dealing with diplomacy about Newfoundland, and revise his material in the light of these sources. I doubt if it will change his interpretation very much, but the material is very liable to be criticized by the pundits if no consideration is given to material already published. I have sent him a list of books which I think ought to be consulted, and can arrange to have him sent copies if they are not available in Newfoundland.

I have gone all over Saunders' material and have done quite a little rewriting to eliminate repetition and make the style somewhat less pedantic.

As regards publication, I am strongly convinced that two small volumes rather than one omnibus volume would be the best course. I am not sure that we can get

it out in printed form — particularly Fraser's Section — for the forthcoming B.C.R.C. Conference. If not, I think we should try to have at least some of the material mimeographed for the Conference, but you will be a better judge of this than I.

At an early stage in the work it was suggested that I take up the matter of publication with the Oxford Press on this side. I approached the Press at the time, but Mr. Clark, the Manager, suggested that the matter remain over until the manuscript was virtually ready for printing. I wrote him about a week ago asking him whether the Press would be prepared to undertake publication if Canada [Chatham?] House desired it, but I have not yet heard from him. I wonder if your publication committee has considered the matter further.

My kindest regards,

Sincerely yours,

R. A. MACKAY

9. R.A.M.

Extraits d'un mémorandum du directeur de la recherche, Royal Institute of International Affairs

Extracts from Memorandum by Director of Research, Royal Institute of International Affairs

London, May 15, 1944

NOTES ON THE NEWFOUNDLAND SURVEY

The Editorial Introduction, and Part III, will need amendment in view of the comments of March 17th, 1944.

The Introduction suffers inevitably from the fact that the post-war future cannot be foreseen and can but be the subject of guess-work. It may be that Newfoundland will prove to be of immense importance as a point of arrival and departure for air traffic. On the other hand, with the continuing development of range and speed of planes, its importance may rapidly prove to be less than seems probable at present. It may, again, be the fact that considerations of security will result in continuing large expenditures on military, naval and air bases. But that is not certain.

Nor can one foresee the attitude of mind of the Newfoundland [people?] after the war on the question of closer union of one kind or another with Canada, with the U.S.A., or with Great Britain — nor that of Canada, the U.S.A., or Great Britain towards closer union with Newfoundland. If only free migration between those countries and Newfoundland were secured, a considerable step towards resolution of the economic problem would have been taken.

Subject to these limitations and to my later remarks about the fisheries, the Introduction is a sound piece of work and covers the ground remarkably well.

Part I calls for no comment, save that it only deals with its subject up to the year 1815. Newfoundland has, of course, been of enormous strategic importance to Great Britain since that date.

Part II I agree with the criticism that this Part is too long. But my chief criticism is different. The Diplomatic History is both interesting and well documented, but its treatment is anything but objective, save in Chapter I. It combines apologia for and panegyric of the diplomatic actions and attitude of Newfoundland throughout the period with which it deals.

. . .

Nor is it clear to me why this Part deals only with the period 1854 to 1927. The Diplomatic History of Newfoundland did not decrease in importance in the years that followed, and the Study might, in my judgment, have well been carried on to the report of the Amulree Commission and the action taken thereon.

. . .

Neither in Dr. Saunders' Economic section, nor in the Editorial Introduction is sufficient emphasis laid on the miserably inadequate income of that section of the population which is dependent on the fisheries. This is, in fact, today, as it always has been, the major problem of Newfoundland. The fisheries have only been maintained by artificial aids of many kinds and by the extraordinary willingness of the fisherman to accept a pitifully inadequate standard of life.

Nor, in my judgment, has sufficient emphasis been laid on the inevitable expense of a governmental machine which seeks to provide the amenities of modern civilization, — education, police, health and other social services — in a land with a very small population scattered in 1200 settlements on a coast line of 6000 miles, half of which is inaccessible in winter save by dog-sleigh. (The population of Newfoundland is the same as that of the city of Bradford.) In addition, governmental services have to be provided, over great distances, for the population on the Labrador coast, which is less than 5000.

The problem of the future of Newfoundland is, indeed, one of very great complexity, but the Study is not called upon to provide or suggest a solution. What is demanded is as clear a statement as possible of the facts, and it is for that reason that emphasis should be placed on those which I indicate above. They are the outstanding facts and chief elements in the problem.

J. H. S[IMPSON]

10. R.A.M.

V. P. Burke à R. A. MacKay

V. P. Burke to R. A. MacKay

St. John's, May 30, 1944

Dear Dr. MacKay,

This letter is not official, but I have to say that I am surprised at Dr. Saunders' article on "Education in Newfoundland." To me it seems that he did not approach the educational survey in the same unbiased manner in which he approached the economic survey. His economic survey was objective, and his educational survey was, in my opinion, subjective.

I may add that some people when they heard of the Newfoundland Study by the Royal Institute of International Affairs, said: "So they intend to make an attack on the denominational system in Newfoundland in this manner now," and if Dr. Saunders' article were published as it stood, they would certainly say: "I told you so."

I do not like Dr. Saunders' technique in his article on Education. He begins by showing the bad points and then when he has his readers convinced that the whole thing is wrong, he says a few words by way of solace, at the end.

I am also surprised that Dr. Saunders, when he was in Newfoundland, did not discuss the whole educational problem with more representative Newfoundlanders, who knew the people, knew the history of our system, who understood the mentality of our people, and who were acquainted with the social and living conditions along our scattered coastline of over six thousand miles.

I may add that I am sorry to have to say that I do not think Dr. Saunders was fair in his approach, and his article seems to me, at least, and to other people also, as biased.

Outsiders have rarely, if ever, given credit to the churches for the great contributions that they have made to education in this country. Perhaps it would be of interest to you if I were to refer very briefly to a few ways in which the churches have helped.

1. The Rev. Henry Jones, a Church of England Missionary of the Society of the Propagation of the Gospel, established the first school in Newfoundland at Bonavista in 1726, and it was the churches that for 110 years practically provided education for the children of the people.

2. It was not until 1836 that the Government paid any attention to education, and it was in that year that the first Grant of £2,100 was voted.

3. The churches have made a great contribution to education in money and in other ways.

4. All the school buildings in the country were built by the churches without any grant from the Government until 1909, when the sum of $100,000 was voted for school buildings.

5. The churches have erected and equipped Colleges and schools in the city of St. John's at a cost of some $3,000,000 without any grant from the Government for this purpose, and it was only in the year 1942-1943 that a "special non-recurring grant to Colleges" of $150,000 ($50,000 to each institution) was voted, the first grant to the Colleges for building and equipment in Newfoundland's history.

The Royal Institute of International Affairs has a deservedly high reputation for the objective and representative nature of its publications, consequently it is with grave misgiving that I view what I consider the biased nature of Dr. Saunders' thesis dealing with Newfoundland Education. The picture given is seriously out of focus and yet because the study is published by the Royal Institute of International Affairs, it would be considered reliable by serious neutral observers and students, with the result that the cause of truth and harmony would have suffered a serious blow as far as it affects Newfoundland.

As you rightly say: "It is always very difficult for an outsider to appreciate all the intricacies of and the reasons for the Newfoundland educational system," but unfortunately, most outsiders feel they know all about it as soon as they land here and that it is wrong anyway.

There are only a few persons, including yourself, with whom I have discussed Newfoundland education, who thought that there was even another side to the question. It seems to me that our Newfoundland educational system is a good test of a man's capacity for judging without fear, favour or bias.

I would be glad for Dr. Saunders to know my personal views, and if he is in Ottawa, please show him this letter.

With kindest regards,

Yours very sincerely,
V. P. BURKE

11. R.A.M.

V. P. Burke à R. A. MacKay

V. P. Burke to R. A. MacKay

St. John's, February 12, 1945

Dear Dr. MacKay,

At a meeting of the Newfoundland Branch of the Royal Institute of International Affairs held on January 22nd, I was requested to undertake the preparation of an article on Education in Newfoundland for the Newfoundland Survey to be published by the Royal Institute of International Affairs. I was to be assisted by a committee consisting of Dr. A. G. Hatcher, President of the Memorial University College, Mr. Fred R. Emerson, K.C., and Dr. H. L. Pottle, formerly United Church Executive Officer of the Department of Education.

With the consent of the committee, I took your article which was to us the best and fairest recently written by a man outside this country; we followed as nearly as possible the general outline, made some rearrangements and additions resulting in what we feel to be a fair picture.

I am enclosing the amended version† which has been unanimously approved by the committee. If you sign the article for publication in the Newfoundland Survey, we shall be glad. If, however, you do not approve of the article, and would prefer that it be signed here, please let me know.

I thank you for the fair-minded manner in which you have acted, and I can assure you that all the members of the Newfoundland Branch appreciate your generous attitude.

With best wishes and personal regards,

Yours very sincerely,
V. P. BURKE

12. R.A.M.

Le commissaire aux Finances de Terre-Neuve au conseiller spécial du sous-secrétaire d'État aux Affaires extérieures

Commissioner for Finance of Newfoundland to Special Assistant to Under-Secretary of State for External Affairs

St. John's, February 21, 1945

Dear Dr. MacKay,

I have read with great interest the Sections of the Newfoundland Study which you kindly gave to me the other day. I have not yet had time to study them very critically but, if you will allow me to say so, I think they cover the ground very well. I have noted one or two small points which you may have picked up already, but think you might like me to pass them on to you for what they are worth.

The first relates to the Summary on pages 23 and 24 of Chapter 11 on Public Finance. You might consider if the wording of conclusion (1), regarding the Public Debt, should be amended slightly. It is true that the Public Debt has been reduced a little thanks to the fortuitous circumstances of the war, e.g., we have paid off out of revenue a few small debts such as the loan by the Canadian Banks and have maintained our sinking fund payments on the 3% sterling guaranteed loan (apart from paying off two of our sterling Trustee Securities out of the proceeds of local loans), but it is the annual cost of the service of the Public Debt rather than the Debt itself which has been reduced as a result of the assistance (guarantee) given by the United Kingdom taxpayer. I suggest, therefore, that for the words "Public Debt" at the beginning of the sentence you might substitute "Cost of the service of the Public Debt," or alternatively qualify the part which at present reads "thanks to assistance from the United Kingdom taxpayer and the fortuitous circumstances of the war."

There are two small points in the Chapter headed "The Impact of the War on Newfoundland."[. . .] The second point concerns the last sentence of the paragraph which terminates at the top of page 10, and refers to the possibility of Labrador Bases superseding those on the Island to a considerable degree. I do not wish to argue whether this prognostication is sound or not, but you might like to consider whether, in view of recent agitation in Newfoundland regarding the Goose Bay lease, the sentence might be omitted.

You may be interested to see the reference to your Study which is made in the attached cutting from the St. John's *Daily News* of the 20th February.† I am sure that it will be widely read when it is published and copies are available in Newfoundland.

Yours sincerely,

WILD

13. 1022-40

Le conseiller spécial du sous-secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve

Special Assistant to Under-Secretary of State for External Affairs to High Commissioner in Newfoundland

Ottawa, February 22, 1945

Dear Mr. Macdonald,

Mr. Wild called at my office last week and expressed an interest in seeing some of the chapters of the "Newfoundland Study."

I gave him some of the chapters which I had available, but I did not at the time have a copy of the one on External Trade and the note on National Income. I enclose two copies of the chapter on Trade and one of the note on National Income. I think you already have a copy of the note on National Income somewhere in your files, and possibly a copy of the chapter on Trade. If not, you might keep one of the copies. Would you please send on one copy of each to Mr. Wild with my compliments.

I have hopes that the book will be out in about a month or six weeks.

Yours sincerely,

R. A. MacKay

14. 1022-40

Extraits d'une lettre de R. A. MacKay au gérant, Oxford University Press

Extracts from Letter from R. A. MacKay to Manager, Oxford University Press

Ottawa, June 6, 1946

Dear Mr. Clarke,

I had a recent letter from Miss Cleave, of Chatham House, asking whether copies of the Newfoundland Study had been sent out to members of the Supervisory Committee and requesting that if not they should be sent out promptly.[. . .]

I have just received a bunch of clippings from St. John's, Newfoundland, today, which are fairly laudatory, although they don't like the general pessimistic tone about the future of Newfoundland. Mr. Macdonald, our High Commissioner, tells me that there is a considerable amount of discussion about the book in St. John's.

You probably saw the reviews in *The Ottawa Journal* and *The Financial Post*. If not, I can get them for you.

Yours sincerely,

R. A. MacKay

APPENDICE C/APPENDIX C

CORRESPONDANCE ENTRE H. A. WINTER ET IRA WILD, 1966-1969[13]

CORRESPONDENCE BETWEEN H. A. WINTER AND IRA WILD, 1966-1969[13]

Entre 1966 et 1969, H. A. Winter et Ira Wild ont entretenu une correspondance dans laquelle ils échangeaient des souvenirs des événements politiques auxquels ils avaient participés vingt ans plus tôt. Sur la question de la Confédération, M. Winter affirmait de façon persistante que la Convention nationale était superflue et déplacée, qu'un gouvernement autonome rétabli aurait mieux réussi la négociation de l'entrée de Terre-Neuve dans la Confédération que la délégation de la Convention nationale et que cette façon de procéder aurait privé M. Smallwood du tremplin politique tout prêt qu'il a trouvé à la Convention et aurait ainsi "épargné" à Terre-Neuve deux décennies de gouvernement Smallwood. A un moment donné, M. Winter affirma son argument d'une façon quelque peu différente, en déclarant:

Between 1966 and 1969 H. A. Winter and Ira Wild conducted a correspondence in which they reminisced about political events in which they had participated some twenty years earlier. On the confederation issue Mr. Winter's persistent contention was that the National Convention was unnecessary and improper, that a restored responsible government could have negotiated Newfoundland into confederation far better than a delegation from the National Convention did and that this manner of proceeding would have deprived Mr. Smallwood of the ready-made political springboard he found in the Convention and would thus have "spared" Newfoundland some two decades of Smallwood government. At one stage Mr. Winter made his point somewhat differently, stating:

"It was the Convention, not Commission of Gov't. that settled the terms. This was a poor compliment to Canada, which was entitled to have the negotiations conducted at the highest level, between governments."

M. Winter écriva de façon plus concrète le 7 février 1967:

More concretely, Mr. Winter wrote on February 7, 1967:

"I am still in doubt as to the exact date of our despatch to D[ominions] O[ffice] recommending consideration of confederation. I intend to find out eventually, but at the moment am inclined to put it in the autumn of 1943 or early in 1944. I feel sure it must have been after the three wise men[14] returned and submitted their reports. These were never published, but A. P. H[erbert] makes it clear that they were unanimous in counting confederation completely out."[15]

Si M. Winter a raison de situer la date de la communication au Dominions Office quelque temps après la visite de la Mission de bonne volonté de l'été 1943, cette collection ne la contient pas. Il est possible cependant qu'il a confondu cette visite avec celle de Clement Attlee en 1942. S'il en est ainsi, la "dépêche" en question serait le télégramme que la Commission pour Terre-Neuve a envoyé au secrétaire aux Dominions le 7

If Mr. Winter was right in placing the date of the communication to the Dominions Office some time after the visit of the Goodwill Mission in the summer of 1943, the present collection does not contain it. Possibly, however, he confused this visit with that of Clement Attlee in 1942. In that event, the "despatch" he had in mind would have been the telegram which the Commission of Government sent the Dominions

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[13] Les extraits dans cet appendice ont été mis à notre disposition par feu le professeur Ian McDonald de l'Université Memorial de Terre-Neuve et par la famille Winter.

[14] La mission de bienveillance. Voir le document 57.

[15] Voir A. P. Herbert, *Independent Member*. Londres: Methuen, 1950.

[13] The extracts in this Appendix were made available by the late Professor Ian McDonald of Memorial University in Newfoundland and by the Winter family.

[14] The Goodwill Mission. See Document 57.

[15] See A. P. Herbert, *Independent Member*. London: Methuen, 1950.

janvier 1943, c'est-à-dire, le document 34. Paragraphes 8 à 10 sont pertinents. Une telle interprétation expliquerait pourquoi les suggestions en ce qui a trait à la confédération qui ne figurait pas dans les deux projets préliminaires du télégramme, les pièces jointes du document 31, se trouvent dans le message qui a été envoyé.

Dans sa lettre du 7 février 1967, M. Winter écrivait aussi:

Secretary on January 7, 1943, Document 34. Paragraphs 8-10 are relevant. Such an interpretation would explain why suggestions with regard to confederation, which had been absent from both preliminary drafts of the telegram, the enclosures of Document 31, were contained in the message sent.

In his letter of February 7, 1967, Mr. Winter also wrote:

"If D[ominions] O[ffice] had listened to us, it is pretty certain that there would have been no National Convention. From England's point of view, confederation with Canada would be a gift from heaven. If, then, responsible Government had been restored, and a government elected with a mandate to explore the whole field of confederation, who would have been our first premier? Joey? I doubt it very much.[. . .] But D.O. did not listen to us, but forced the Convention on us."

Dans une lettre à M. Wild le 26 novembre 1966, M. Winter écrivait:

In a letter to Mr. Wild written on November 26, 1966, Mr. Winter wrote:

"Joe Smallwood poses as the 'father' of confederation, but I preached it, if only on purely economic grounds, years before Joe was heard of. I knew the long-standing feeling against it in Nfld., but I knew also that it rested on the short-sighted and penurious view Canada had taken of the question in the past. But a new generation had arisen that knew very little about it; times then, in the early forties were very hard; many people, especially in the Outports, had learned, and were talking about social benefits such as old age pensions, baby bonuses and so on, enjoyed by Canadians but denied to Newfoundlanders. Altogether, it was by no means axiomatic that confederation would be rejected out of hand and indignantly if submitted to the people.

Anyhow, I brought it up to Sir John Puddester and Edward (Emerson)[. . .]. It was largely a political question and not strictly within the orbit of our duties[. . .]. I eventually persuaded him (Sir Edward) that it should at least be given a trial. And of course — and this to me is the amazing feature of the whole silly farce that was enacted soon after — Confederation was the ideal solution to England of the whole problem and headache Newfoundland represented.

As you know, we did put it up, in one of our despatches, to Dominions Office. I expected an unfavourable reception, but was not prepared for the crushing rejection we got. Under the polite diplomatese we were told to behave ourselves, take our books home and study our lessons. Confederation was out; no one in Nfld. wanted it; and even to mention it would bring them and us into disrepute. And from then on I was, at least in Sir Humphrey Walwyn's eyes, the bad boy of the Commission.

[. . .] But I think I have at least shown how absurd the argument is that England wangled confederation for us. It might be said that her creature, the National Convention, did; but it was precisely because England discounted confederation that the National Convention was formed, or even thought of.[. . .]"

Appendice D/Appendix D

CORRESPONDANCE ENTRE R. A. MACKAY ET IRA WILD, 1946

CORRESPONDENCE BETWEEN R. A. MACKAY AND IRA WILD, 1946

1. R.A.M./Vol. 2

Extraits d'une lettre du conseiller spécial du sous-secrétaire d'État aux Affaires extérieures au commissaire aux Finances de Terre-Neuve[16]

Extracts from Letter from Special Assistant to Under-Secretary of State for External Affairs to Commissioner for Finance of Newfoundland[16]

Personal and Confidential — Ottawa, April 24, 1946

Dear Mr. Wild,

When I saw you in St. John's some weeks ago I mentioned casually that we were interested in examining the financial problems involved in the event that the forthcoming constitutional convention should raise the question of Newfoundland's entry into Confederation. One important question would be the probable size of Newfoundland's budget. You were good enough to say that you would be willing to help us out in making an estimate, though, of course, all correspondence would have to be on a personal basis and "off the record."

We would be interested in knowing: (a) What would be the minimum total budget for carrying existing services that would remain to Newfoundland as a province; (b) What would be the total to allow Newfoundland reasonably good provincial services, assuming that some of the present services are inadequate; (c) Estimates under the main heads of expenditure for both of the above, and (d) A breakdown under current and capital account would also be useful.

. . .

One item that would need to be included in a provincial budget would be the cost of a provincial legislature and executive, which, however, is ordinarily small.

I do not wish to put you to too great inconvenience in the matter, and any assistance you can give will be greatly appreciated. Our main interest is, of course, in round figures; detailed breakdowns would be unnecessary. Further, it is understood that any figures provided would be merely for purposes of assessing the problem and would not imply any commitments on either side. I can also

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[16] Dans un mémorandum au sous-secrétaire d'État aux Affaires extérieures auquel il avait joint des copies de cette lettre et de la lettre sur les impôts non reproduite, MacKay avait écrit:

[16] In a memorandum to the Under-Secretary of State for External Affairs to which he attached copies of this letter and the letter on taxes which is not reproduced, MacKay wrote:

The attached letters are, I think, self-explanatory. We have to get more or less authentic figures if we are to examine the problem of finance in incorporating Nfld realistically. Wild, who is the Commissioner of Finance and a U[nited] K[ingdom] Treasury man, said he would be glad to give us the figures provided any correspondence were kept off the official files.[. . .]

assure you that any correspondence on this matter will be kept on a personal basis and off the official files.

I am writing you separately about income, corporation and inheritance taxes.†

My best regards,

Sincerely yours,

R. A. MACKAY

2. R.A.M./Vol. 2

Extraits d'une lettre du commissaire aux Finances de Terre-Neuve au conseiller spécial du sous-secrétaire d'État aux Affaires extérieures

Extracts from Letter from Commissioner for Finance of Newfoundland to Special Assistant to Under-Secretary of State for External Affairs

PERSONAL AND CONFIDENTIAL St. John's, July 18, 1946

Dear Dr. MacKay,

I am sorry that I have been so long in replying to your letters of 24th April about Budget and Income Tax matters, but my absence for a month in the United Kingdom and the need to clear accumulated work which faced me on my return are entirely responsible.

I am writing separately about Income Tax. I hope that the information regarding expenditure which Newfoundland would have to meet as a Province, contained in the attached summary,† will be helpful to you. It gives, I think, the information you wanted, and from the accompanying schedule† you will be able to see what items I have deleted from the Newfoundland Estimates for 1946-47, which I have taken as a basis. A copy of the printed Estimates is also enclosed for reference.†

. . .

May I take this opportunity of congratulating you on the publication of your Survey,[17] which I am reading with great interest. If you will allow me to say so, your conclusions in regard to the financial outlook are in my view very sound.

Kindest regards,

Yours sincerely,

WILD

3. R.A.M./Vol. 2

Le commissaire aux Finances de Terre-Neuve au conseiller spécial du sous-secrétaire d'État aux Affaires extérieures

Commissioner for Finance of Newfoundland to Special Assistant to Under-Secretary of State for External Affairs

PERSONAL AND CONFIDENTIAL St. John's, July 18, 1946

[17] R. A. MacKay, ed., *Newfoundland. Economic, Diplomatic and Strategic Studies.* Toronto: Oxford University Press, 1946, 577 pp.

Dear Mr. MacKay,

I was just on the point of sending to you information I had obtained from the Assessor in response to your letter of 24th April when I received your further letter of 9th July.† I have discussed the matter again with the Assessor but I am afraid that he cannot add much to the data he had already furnished.

So far as Succession Duties are concerned you will find that the information† has been compiled more or less in the form you desire; the "amount dutiable" can be ascertained by reference to the "duty assessed" and the rate of duty, which is applicable to the whole of the estate.

In regard to Income and Corporation Taxes I very much regret that since 1941, owing to war pressure and shortage of staff, there has been no break-down to show the number of individual incomes within various ranges. It would not now be possible to furnish the information you want without a great deal of work for which staff is not available. This lack of statistics has, as you can imagine, been a great defect from the point of view of our own current administration, and we have already taken steps, by introduction of improved accounting methods and appointment of extra clerks, to remedy it for the future. But that does not help to solve the present problem.

Prior to the taxation year 1942 (tax collected in fiscal year 1943-44) there was no analysis made as between various types of Corporation. I understand that the Assessor gave Dr. Saunders such information as he had for previous years. The figures which I now enclose,† relating to the fiscal years 1943-44, 1944-45 and 1945-46, give all the information which is readily available. It includes figures of gross taxable income of Corporations, but not of gross income subject to Excess Profits Tax. Owing to the operation of our overriding maximum, I am afraid there is no short cut even to a worthwhile estimate of the latter figure. I might add that Excess Profits Tax has not been levied on the incomes of partnerships and unincorporated businesses.

With kindest regards,

Yours sincerely,

WILD

4. R.A.M./Vol. 2

Extraits d'une lettre du conseiller spécial du sous-secrétaire d'État aux Affaires extérieures au commissaire aux Finances de Terre-Neuve

Extracts from Letter from Special Assistant to Under-Secretary of State for External Affairs to Commissioner for Finance of Newfoundland

SECRET AND PERSONAL Ottawa, August 14, 1946

Dear Mr. Wild,

I thank you for your letter of July 18 giving us estimates of expenditures for Newfoundland in the event that it were to become a province. Your extimates and comments will be most useful to us.

You were good enough to say that you could give us an estimate of revenues.

We have worked out some calculations on the basis of Newfoundland figures after subtracting the revenues which would fall to the Dominion and in the light of the recent proposals made by the Dominion for five-year tax agreements with the provinces. I enclose a copy of our estimate and an explanatory memorandum.† We should greatly appreciate having your comments.[. . .]

. . .

We would not want to put you to too much inconvenience in examining our estimate of revenue, and it will be unnecessary to examine it in great detail. We should however appreciate your opinion as to whether it seems reasonably approximate.

Yours sincerely,

R. A. MACKAY

5. R.A.M./Vol. 2

Extrait d'une lettre du haut commissaire à Terre-Neuve au conseiller spécial du sous-secrétaire d'État aux Affaires extérieures

Extract from Letter from High Commissioner in Newfoundland to Special Assistant to Under-Secretary of State for External Affairs

PERSONAL AND SECRET St. John's, August 17, 1946

Dear Mr. MacKay,

I took your secret and personal letter of August 14th to Mr. Wild this morning. He did not open it while I was there but promised to give it his attention at an early date. He had just returned from a ten days' visit to the West Coast and I took the opportunity to have a general talk with him on matters of current interest.

He told me that he personally was very much in favour of the ultimate union of Newfoundland with Canada but said that his feeling and that of his fellow Commissioners was that sentiment in favour of Confederation had lost a great deal of its force in the past few months. He doubts that it will come to an issue at all. Some of his colleagues had travelled recently in other parts of Newfoundland and the consensus of opinion following these trips was that the issue would be between Responsible Government and the maintenance of the Commission. This, incidentally, is also the Governor's view. I told Mr. Wild, however, that while I did sense a recession in the tide in favour of Confederation I thought we should prepare for the eventuality that the question might be considered and that it would therefore be very helpful if he would go over your memorandum[18] and, in due course, let you have his observations. This he readily promised to do.

. . .

Yours sincerely,

J. S. MACDONALD

[18] Voir le document 177.

[18] See Document 177.

6.

R.A.M./Vol. 2

Secrétaire d'État par intérim aux Affaires extérieures au haut commissaire à Terre-Neuve

Acting Secretary of State for External Affairs to High Commissioner in Newfoundland

TELEGRAM 167

Ottawa, August 30, 1946

Following for Macdonald from MacKay. Begins: My letter of August 28† with estimate national income for Wild.

2. If Wild would be interested in inviting assistance of Dominion Bureau of Statistics to compile national income estimates it is probable that someone could be released to go down for a few days. Memorandum enclosed with my letter could serve as starting point. Presumably an estimate of national income might be useful for purposes of the convention.

7.

R.A.M./Vol. 2

Le conseiller spécial du sous-secrétaire d'État aux Affaires extérieures au commissaire aux Finances de Terre-Neuve

Special Assistant to Under-Secretary of State for External Affairs to Commissioner for Finance of Newfoundland

PERSONAL

Ottawa, September 2, 1946

Dear Mr. Wild,

I refer to the memorandum† of the Dominion Bureau of Statistics on Newfoundland's national income which I sent you a few days ago.

I enclose a copy of a letter† from Mr. Fullerton who did most of the work on the memorandum indicating the type of information wanted to complete the memorandum. I enclose a copy† of National Accounts, Income and Expenditure, recently published by the Dominion Bureau of Statistics which may be of interest.

Yours sincerely,

[R. A. MACKAY]

8.

2868-B-40

Extraits d'une lettre du commissaire aux Finances de Terre-Neuve au conseiller spécial du sous-secrétaire d'État aux Affaires extérieures

Extracts from Letter from Commissioner for Finance of Newfoundland to Special Assistant to Under-Secretary of State for External Affairs

SECRET AND PERSONAL

St. John's, September 12, 1946

Dear Mr. MacKay,

I have examined the preliminary estimates of revenue which Newfoundland might be expected to receive as a Province, enclosed with your letter of the 14th of August. I have only a few comments to offer.

. . .

I am sorry that I have not been able to go into the matter more fully in the short time available to me, but I propose to hand over all our correspondence to my successor so that he will be fully informed should the need arise.

With kindest regards,

Yours sincerely,

WILD

APPENDICE E/APPENDIX E

CORRESPONDANCE ENTRE R. A. MACKAY ET J. B. MCEVOY, 1948-1949

CORRESPONDENCE BETWEEN R. A. MACKAY AND J. B. MCEVOY, 1948-1949

1. R.A.M./Vol. 4

J. B. McEvoy à/to R. A. MacKay

St. John's, February 10, 1948

My dear R. A.,

I am enclosing herewith a Clipping taken from yesterday's issue of *The Evening Telegram* which is supposed to represent my "Opinions on Confederation."[19] In point of fact, the statement enclosed herewith does anything but correctly represent my opinion thereon.

As you can well imagine, since the National Convention concluded its functions less than two (2) weeks ago, I have been up to my eyes. In the midst of an extremely busy day a Reporter called me and requested my views on Confederation. I explained that while the Convention was formally dissolved by His Excellency the Administrator, acting in the absence from this Country of His Excellency the Governor, since I had accepted appointment as Chairman of the Convention at the hands of His Excellency the Governor it followed, both as a matter of courtesy and otherwise, that I should not indulge in political discriminations until the Governor had returned, and I had formally received from him the acknowledgement that my duties as Chairman were determined, and that I was now completely free to resume the status of an ordinary private citizen.

I was then asked if the Commonwealth Relations Office decided to put Confederation on, what *modus operandi* should be employed. I was indiscreet enough to verbally state my views which, under no circumstances, should I have done. I should not have risked anything less than a carefully prepared statement in writing. There is no point going into this now but I have to say that, at best, the statement in question does not fairly represent my considered views on this important question.

On the contrary, before attempting to decide certain matters for myself I always intended and still intend, if that is practically possible, to run down to Ottawa and discuss the whole question with you because, as you can well imagine, there is pressure being exerted on me by components of several political views to become prominently identified with the respective movements.

The Governor is due to arrive shortly and, unless he has contrary views, I intend to see him immediately after his arrival and ensure that I am now irrevocably disassociated [*sic*] with the National Convention and, therefore, free to express my opinions without unnecessary embarrassment to the Governor and his Government.

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[19] Voir le document 521. Voir aussi le document 897.

[19] See Document 521. See also Document 897.

I should, therefore, like to know whether or not you will be in Ottawa around the last week of February and/or the first week in March, and, if so, whether or not it would be possible for me to have a conference with you on the matter which is of terrific importance to our little Country right now.

With kindest personal regards,

Sincerely yours,

J. B. McEvoy

2. R.A.M./Vol. 4

J. B. McEvoy à/to R. A. MacKay

St. John's, June 5, 1948

My dear R. A.,

By this time you will have known the results of the Referendum which took place on Wednesday, the 3rd instant. It suffices to say that Commission was knocked out completely, and while all the Returns are not in yet, and notwithstanding the fact that they will be coming from Confederate Districts, the probabilities are that Responsible Government will have a slight majority, that is to say, a few thousand over Confederation.

It is highly probable that the Second Referendum, in which our People will be called upon to choose between Responsible Government and Confederation with Canada, will be held on or before June 30th.

Last night a Deputation called on me at Midnight and requested me to become the Leader of the Confederate Party. Due to professional and other engagements, it is not practically possible for me to actively participate in the matter before the 11th instant.

I thanked the Committee who waited on me and informed them that I required forty-eight hours to consider the matter, at which time I would give a final decision one way or the other.

I am seriously considering accepting the Leadership, and it, therefore, follows that I need to be as fully equipped as possible for the gigantic task ahead.

I am, therefore, writing you, not as an Official of the Canadian Government but as my old Professor of Political Science for whom, as you know, I have always had such high affection and great regard.

I give you my positive assurance that if you will assist me in the great task that lies ahead, not alone can I ever cease to be grateful but, on the contrary, give you my positive assurance that you will not be connected with anything that I may do or say, and this letter may be used by you at any time as incontrovertible proof that I am appealing to you for help at a very difficult time as my old Professor of Political Science and friend, and *NOT* as an Official of the Canadian Government.

Would you, therefore, be good enough to supply me with the following information, viz.:

1. What are the salient features that I should stress in connection with the terms of Union proposed by the Dominion of Canada to Newfoundland on October 27th last?

2. How could those Terms be developed to the greatest advantage?

3. Could you procure for me copies of any Speeches made by Sir John A. Macdonald, Tilley, and other Fathers of Confederation? and

4. All and any other information which you might consider helpful to me at this extremely difficult time.

I do not know whether you will regard this as a fair question, but if you regard it as unfair please ignore it. I cannot help wondering, however, that should our People decide for Confederation, as to whether or not any material or substantial alteration will likely be negotiated if, and when, we should get to the point where a Delegation from Newfoundland proceeds to Canada for that purpose?

Knowing your generous nature so well, I hate to inflict myself on you at this particular time, but I can only say that the situation is extremely serious, to say the least, and I am circumstantially compelled to request your assistance.

Please let me hear from you with all possible speed.

With kindest regards to Mrs. MacKay, yourself and the children in which I am joined by Ollie and the children.

Sincerely and gratefully yours,

J. B. McEvoy

P.S. Herewith announcement of the Returns as appearing in this morning's issue of *The Daily News*.

3. R.A.M./Vol. 4

J. B. McEvoy à/to R. A. MacKay

St. John's, June 7, 1948

My dear R. A.,

Further to my letter of the 5th instant, there are three matters of vital concern to many of my friends, some of whom are eminent Merchants and in favour of Confederation in principle:

1. It has been suggested that the Canadian Government is lukewarm or indifferent as to whether or not we seek to enter into Union with Canada which explains, it is argued, the loose way in which the terms were pronounced upon.

2. There is a Fish Organization here, when abbreviated is known as "NAFEL," through which all sales of codfish are made, but the Export Licenses are only granted after and when the same has been approved by this Body.

3. In his covering letter of October 29th, 1947,[20] the Right Honourable Prime Minister of Canada, *inter alia*, stated:

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[20] Voir la pièce jointe, document 442.

[20] See enclosure, Document 442.

"Should the people of Newfoundland indicate clearly and beyond all possibility of misunderstanding their will that Newfoundland should become a Province of Canada on the basis of the proposed arrangements, the Canadian Government, subject to the approval of Parliament, would for its part be prepared to take the necessary Constitutional steps to make the Union effective at the earliest practical date."

What exactly is meant by the expression "indicate clearly and beyond all possibility of misunderstanding?" Would it suffice that Fifty-one (51) Per Centum of the people going to the Polls should indicate their preference, or just exactly what does it mean?

Approximately two weeks ago the Responsible Government Organization obtained an opinion from Vincent MacDonald, at the Law School, (which you have probably seen), in which Vince held that "NAFEL" would come within Section 91 (2) of the B.N.A. Act entitled "The Regulation of Trade and Commerce," and, therefore, upon Union with Canada this whole System built up over the past fourteen years would collapse, and we would be placed in the same position as Canada in being unable, by competition or otherwise, to sell and export our fish to Mediterranean Countries.

In particular, Arthur H. Monroe, who is strongly in favour of Confederation and who assisted me in the recent investigation made in the United States on the question of Economic Union, desires to know that while the Dominion Parliament, as MacDonald says, would have Legislative Jurisdiction in this matter, will it be likely to tear down or otherwise interfere with the Organization built up since 1936 covering the export of fish from Newfoundland?

To me, it would seem absurd that if and when we became a part of Canada, that Canada would take any measures in fish or other matters in Newfoundland which would be calculated to injure the export trade, but Monroe, who left for Boston yesterday and will return Friday, has requested me to try and obtain an opinion or pronouncement from you thereon, and on the strength of that he will determine whether or not he will support the cause for Confederation with Canada.

If at all possible, I should like to secure opinions within the next few days upon the three questions raised above because I can hardly over-estimate their importance to the supporters of Confederation at the present time.

With kindest personal regards,

Sincerely and gratefully yours,
J. B. McEvoy

P.S. Please bear in mind that now we will have only two (2) forms to decide between unlike the three which the P.M. of Canada had in mind when he made his statement on Oct. 29th last. J. B. M.

4. R.A.M./Vol. 4

Mémorandum[21]

Memorandum[21]

SOME CHANGES IN FEDERAL POLICIES SINCE NOVEMBER 1, 1947

Since the "Proposed Arrangements for the Entry of Newfoundland into Confederation" were sent to the Governor on October 29th last, the following developments of importance to Newfoundland have occurred in Dominion policy:

(a) Announcement of a New Deal for Public Health, (see Speech by Hon. Paul Martin at Vancouver May 18). This includes (i) $625,000 in Health Survey grants, (ii) $17,000,000 rising to $22,000,000 in National Health Grants for various specific purposes, (iii) Grants for construction of hospitals $13,000,000 a year for a five-year period — $30,000,000 in all. Newfoundland's share, if grants made on a per capita basis, would be about $800,000.

(b) Tax changes, as announced in budget.

(i) Removal of sales tax on processed foods (see Budget Speech 1948).

(ii) Changes in Dominion succession duty tax — henceforth no Dominion tax on estates under $50,000.

(iii) Removal of Dominion excise tax on consumption of electricity.

(iv) Removal of Dominion tax on amusements.

(v) Temporary removal of customs tax under British preference on cotton and rayon piece goods.

(c) Increase in Veterans Pensions by about 25% overall. (Hansard May 11, 1948.)

5. R.A.M./Vol. 4

Mémorandum

Memorandum

THE ADVANTAGE TO NEWFOUNDLAND OF BEING A PROVINCE OF CANADA IN THE EVENT OF A SERIOUS BUSINESS RECESSION

Under the Canadian system, although constitutionally a province is fully responsible for meeting its debt charges and carrying its public services, no Canadian province has ever been left by the Dominion in the position where it had to default on its debt services or stop essential public services (though, or course, during the depression of 1930 all provinces were compelled to make considerable reductions). During the depression of the 1930s, the Dominion Government took

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[21] Les documents 4, 5 et 6 furent envoyés à J. B. McEvoy par R. A. MacKay. Il y avait aucune indication, ni sur les documents ni sur les enveloppes, d'où provenaient ces mémorandums. Voir la référence 48 du document 596. MacKay envoya aussi des copies du discours sur le budget du 18 mai 1948 et du papier blanc sur l'emploi et le revenu de 1945.

[21] Documents 4, 5 and 6 were sent to J. B. McEvoy by R. A. MacKay. There was no identification of the sender on either the documents or the envelopes. See footnote 48 in Document 596. MacKay also sent copies of the Budget speech of May 18, 1948, and the White Paper on Employment and Income of 1945.

the position that default by the provinces would be so detrimental to the national interests that it was justified in aiding the provinces to enable them to meet their obligations.

Although there is no constitutional obligation on the Dominion to provide unemployment relief for Canadians, during the depression of the 1930s the Dominion went to the assistance of every province to enable it to meet its relief problem. Although the proportion of the relief burden carried by the Dominion varied somewhat from year to year, in general the Dominion paid about forty per cent of relief costs, the provinces and their municipalities if they were able providing the remainder. When, as in the case of Saskatchewan, a province and/or its municipalities were unable to meet their shares, the Dominion came to their aid by way of loans, some of which were later written off, although a substantial portion is still outstanding. (See Table IV, V, page 45-46, White Paper of Answers to Questions by the National Convention, February 20, 1948.) Thus the people of the financially weakest provinces were assured of relief assistance on substantially the same scales as the people of the financially strongest provinces. Although there is no provision in the statute books assuring that, in the event of a recession, the system of aid to the provinces in meeting unemployment relief worked out during the 1930s would be continued, it is politically inconceivable that any government in Ottawa could do anything less than was done during the 1930s in the event of another business recession.

Since the war the Dominion Government has committed itself to an all-round policy of maintaining a higher level of employment and, in consequence, a policy of taking positive measures to counteract any business recession (see White Paper on Employment and Income 1945, which still remains the basis of government policy although the scheme of co-operative planning with the provinces has not been fully worked out due to the refusal of two provinces to accept a tax agreement).

This policy of maintaining a high level of employment includes the following:

(a) Transfer payments to lower income groups to provide continuing purchasing power — children's allowances; old-age pensions which under the Dominion proposals to the provinces would be for all over seventy years of age. Unemployment insurance, although a contractual obligation, is in a sense a transfer payment in view of the fact that the Dominion makes a contribution to the fund.

(b) Public investment planning. Since the war a research staff under Reconstruction and Supply has been compiling statistics in order to enable the Government to keep a close watch on business trends. It has also been compiling a number of "shelf projects" on public works which might be carried out in the event of a business recession in any particular area or over the country generally. The Dominion also proposed to the provinces at the Dominion-Provincial Conference (1) a scheme of grants to enable them and their municipalities to plan public works for a period of recession; and (2) a scheme of assistance for approved public works undertaken by a province or a municipality at times approved by the Dominion (see Green Book, Proposals of the Government of Canada, pages 21 to 26). Although this scheme was not formally adopted by the provinces, it has not been thrown over by the Dominion.

(c) Encouragement of private investment at appropriate times by means of appropriate monetary and credit policies (see Green Book referred to).

(d) Budgeting over a cycle. The avowed policy of the Dominion Government is to budget for high revenues and surpluses in good times so as to be prepared for deficit budgeting in periods of recession. Since the war the Dominion has enjoyed large surpluses which as far as possible have been used for debt reduction (see Budget Speech 1948, Hansard page 4057).

6. R.A.M./Vol. 4

Mémorandum

Memorandum

NEWFOUNDLAND PUBLIC FINANCE UNDER RESPONSIBLE GOVERNMENT

Over the past half century the two most important items responsible for piling up debt have been the railway (which the Amulree Report estimated accounted for about $42.0 million debt) and defence (which accounted for about $10.0 million increase in debt 1914-1918). During the Second World War Newfoundland, of course, improved its financial position as a result of Canadian and American defence expenditures, but this was entirely fortuitous.

Both these items would be serious burdens in the event of continuation of Responsible Government: the railway because of recurring deficits and very heavy replacement and repair charges; defence because of continued cost of pensions and after-care (probably close to one million dollars annually for the next ten years when it should decline, assuming no further war expenditures). Continued direct defence expenditures may, however, be incurred due to present tension in international affairs and especially if another war should occur (unless, of course, Newfoundland is prepared to leave its defences entirely to Canada and the United States).

It can scarcely be anticipated that any substantial reduction in the cost of ordinary government services can be made under Responsible Government. The budget estimates for 1948-1949 on ordinary expenditure are $29,483,300 (reconstruction expenditure under three-year plan — $9,061,100, or a total of $39,416,900). The average total expenditures for the six-year period 1936-1937 to 1941-1942 was only $13,900,000. The major increases in ordinary expenditures since before the war are in the field of education and social services, and in administrative overhead (mainly due to increased civil service personnel and higher salaries). Increases of this nature are in effect increases in overhead costs — it would be virtually impossible politically to reduce seriously salaries or administrative personnel, or drastically to cut educational grants or reduce health and welfare services. Indeed there is every reason to believe that further increases in health and welfare services will be demanded by the people of Newfoundland and especially in the event of serious business recession. In addition railway deficits have considerably increased (budget estimates on operating account alone for 1948-49 are $1.0 million), and there is little prospect of reduction in operating deficits or maintenance charges.

The history of Newfoundland public finance demonstrates Newfoundland's revenue system is extremely vulnerable. A serious business recession would immediately affect revenues from the customs tariff. An *ad valorem* tariff is highly sensitive to fluctuations in prices, and the volume of imports is highly sensitive to the purchasing power of the Newfoundland people. Although a business recession might not immediately affect income and corporation returns, it would certainly do so if a depression extended beyond the period of a few months.

Under the circumstances outlined above, it would seem extremely doubtful whether the Newfoundland public finance structure could weather any serious and prolonged business recession. Although Newfoundland's credit position is undoubtedly very much improved over what it was in 1939, continued borrowing, probably in relatively large amounts, to meet any prolonged recession would soon exhaust credit reserves.

Above all, Newfoundland has not the variety of industries and resources to make possible an effective policy of counteracting a depression by means of currency measures or credit control, even if it had its own monetary system.

7. R.A.M./Vol. 4

R. A. MacKay à/to J. B. McEvoy

PERSONAL AND CONFIDENTIAL Ottawa, June 10, 1948

My dear J. B.,

I have your letters of the 5th and 7th June.

First, may I say how pleased I am that you have been asked to assume the leadership of the Confederate Party. I gather from your second letter and telephone conversation that you are taking it on. I feel confident that you will give to it the necessary drive and that you can explain to the Newfoundland people the fundamental issues involved better than has yet been done. I realize that it will be a personal sacrifice to you and perhaps the end of some of your business connections, but you will have the satisfaction of serving the public interest of Newfoundland.

I am very glad to be of what assistance I can to you. You will appreciate, of course, that I cannot write as freely as I could, were I entirely a private citizen. What I have to say represents my own personal views, although I naturally felt it necessary to discuss your letters with other people here. I know, of course, that you will not quote me.

You asked about some points that might be stressed in the campaign. I am not a very good judge of what it is politically expedient to say but from reading over the campaign literature of both sides, it strikes me that there has been a good deal of misrepresentation on some of the following points which might be worth clearing up:

(a) Newfoundland's financial capacity to stand alone under Responsible Government — I sent you a memorandum on this a few days ago.

(b) The total tax load under Confederation. This would certainly be considerably less than at present, although a Newfoundland provincial government would admittedly have to resort to certain new tax devices, e.g., a selective sales tax. But I shall say no more on this point for the present since I am having a memorandum prepared on it which I shall send you shortly.

(c) The "cushion" against depression which Newfoundland would have as a province of Canada and would not have otherwise — this is covered very superficially in the memorandum already sent you.

(d) Federal social services, e.g., Family Allowances, are not temporary measures, nor the programme of one party, but are accepted by all. I cannot conceive of any party proposing to do away with Family Allowances, for example, and hoping to survive. Moreover, Federal social and welfare services are virtually certain to be expanded before long, e.g. the new federal programme of public health referred to in Mr. Martin's speech, a copy of which I sent you, is a development this year and as Mr. Martin intimated, health insurance is under active consideration.

Other points may occur to me later and, if so, I shall suggest them to you.

With respect to speeches on Confederation, I am sending you today a copy of the "Confederation Debates" of 1865 in the Canadian Parliament. These may not be very relevant in view of the profound changes politically and in the Canadian economy since 1865. One theme, however, runs through the debates, namely, the necessity of union for purposes of defence. The term "defence" is obviously used in a very broad sense and it is obvious that the Fathers thought of it as preservation of their identity vis-à-vis the United States. They perhaps had little fear of direct attack but felt that separately the colonies would inevitably become part of the American union. The situation, as I see it with respect to Newfoundland, is not entirely dissimilar, although you may not think it judicious to stress this point — certainly it is not a point that could be stressed here. The presence of United States bases on Newfoundland soil will inevitably influence Newfoundlanders to look more and more to the United States. As for economic union — I agree with you that it is completely impracticable — but if it were practicable, I do not see how it would be possible without political union as well, especially under modern conditions when Government is being driven more and more into control over economic activity. Politics and economics are no longer separable, if they ever were.

You also asked certain general questions about the attitude of the Canadian Government and about the terms. I feel that I must give you some answer to these questions even if not very satisfactory ones from your standpoint.

First, as to the finality of the "Proposed Arrangements" sent the Governor last October. I think, in view of the statement in the Prime Minister's letter, the financial part of the offer must be considered as about as far as the Canadian Government can go, although of course there might be certain variations in detail. The real problem is not the total cost to the Canadian taxpayer but the difficulties which might arise with the existing provinces should Newfoundland get terms seriously out of line with their terms.

There is, however, an important pledge in the terms to which perhaps insufficient attention has been paid, namely the promise of a review by a royal commission before the end of eight years. In effect this is an indirect admission of the principle of "fiscal need" as the basis of financial relations with Newfoundland which, to my knowledge, has never been admitted by the Dominion to the existing provinces, though from time to time they have contended for it.

On the other hand, as you know from Canadian history, terms made with individual provinces have never in the long run been final and unalterable. Even the tax agreement offer to the provinces in 1946 has in fact been substantially modified. It began with an offer of $12.50 per capita and was subsequently raised to $15.00, with substantial other modifications in favour of the provinces. Even since the last offer, the Dominion has made substantial changes in its tax policy in favour of the provinces: It has repealed the gasoline tax, the tax on the consumption of electricity and the tax on amusements. It has also recently announced the health grants referred to above which were not part of the tax agreements although proposed at the first Dominion-Provincial Conference. If Dominion-Provincial relations run true to form, it may be anticipated that the tax agreement offer, when the present contracts come to an end, will provide further benefits for the provinces.

Secondly, as to whether the Canadian Government is lukewarm or indifferent to union. I don't think that the Government can be said to be either lukewarm or indifferent. It may be noted that no party has opposed union in Parliament and that all parties last summer were friendly disposed toward the delegation. The Government has, however, held firmly to the line that the decision must be made by the Newfoundland people and that they do not wish in any way to influence this decision. This is, I feel, the only explanation of any apparent indifference or lukewarmness. Assuming the final decision is in favour of union, I am confident that Newfoundland will receive a warm and, indeed, enthusiastic welcome, both from the Government and the people of Canada. I also feel quite confident that not only will there be no discrimination against Newfoundland or the people of Newfoundland in the matter of Government policy but also that efforts will be made to bring Newfoundland as quickly as possible up to the level of the rest of Canada in the matter of federal services. To put the matter on its lowest terms, no political party could afford to ignore the seven members to which Newfoundland will be entitled, especially under present conditions where party lines are shifting in Canada.

Thirdly, whether the present Newfoundland system of controlling fish exports could be continued. Dean MacDonald's interpretation of the B.N.A. Act — that external trade falls under the federal parliament, is no doubt correct. On the other hand, it is clear that the federal parliament and the provincial legislature by conjoint legislation could provide for a system of controlling exports of fish along lines somewhat similar to the present Newfoundland system. I don't think that there would be any disposition on the part of the federal government to destroy the present Newfoundland system which has undoubtedly been of very substantial benefit to the industry. Certainly no government would want a disgruntled Newfoundland fishing industry on its hands at union. The delegation here last summer pressed strongly for a clause protecting the Newfoundland

Fisheries Board, but we were unable to find a formula which would not have seemed politically dangerous at the time, especially in view of the New Brunswick by-election which was then pending. It does not follow, however, that the Canadian representatives were unsympathetic to the case put forward by the Newfoundland delegation. I should think that any Newfoundland delegation which might come here to complete the terms of union after the final plebiscite would find the Canadian Government co-operative in working out a mutually satisfactory arrangement, even if there is no express promise in the terms to do so.

Fourthly, you ask for clarification of the statement in the Prime Minister's letter, "Should the people of Newfoundland indicate clearly and beyond all possibility of misunderstanding their will that Newfoundland should become a province of Canada . . . ." I think it should be borne in mind that this statement was made before the United Kingdom's policy with regard to the plebiscite had been clarified. I doubt if the Canadian Government would have been prepared to accept Newfoundland under a mere plurality in the plebiscite. On the other hand, there is nothing in the constitution or in Canadian practice to imply that a majority vote in a fair and free election would be inadequate. Moreover, if the Canadian Government were not prepared to accept a majority vote, it may, I think, be assumed that they would have said so when the United Kingdom announced its arrangements for the plebiscite.

May I repeat that I have given you only my personal views and you will appreciate that they do not commit the government in any way. Nor would I want to be quoted, or have this letter referred to publicly or privately.

It may be that you will feel you must have answers of record to some of the points raised. If so, I think the Minister as Chairman of the Cabinet Committee which met the Newfoundland delegation would feel it necessary to reply if you, or someone on the delegation, wrote him, though he might not feel it expedient to give very firm answers. On the whole, I think it would be wiser not to write him, if it can be avoided.

I trust this letter will help to clarify some points.

Always, my kind regards,

Yours sincerely,

R. A. MacKay

8. R.A.M./Vol. 4

J. B. McEvoy à/to R. A. MacKay

Personal and Confidential St. John's, June 12, 1948

My dear R. A.,

Thank you indeed for your very kind letters of the 10th instant.[22] I have not had sufficient time to thoroughly consider the contents as yet but will in due course.

[22] Seulement une lettre datée du 10 juin a été trouvée.

[22] Only one letter dated June 10 has been found.

My final decision on this whole question will be made at a Meeting to be held on Monday night at our country home at Manuels, and upon which I will give you an immediate report.

I am looking forward with eager anticipation to the Memorandum which you are having prepared and I can only hope it and the copy of *The Confederation Debates* which you so kindly forwarded me arrive shortly.

With kindest personal regards,

Sincerely yours,

J. B. McEvoy

9. R.A.M./Vol. 4

R. A. MacKay à/to J. B. McEvoy

Ottawa, June 17, 1948

Dear J. B.,

I enclose a memorandum† on the implications of the Federal health programme with respect to Newfoundland. This memorandum is an elaboration of the round figure I gave you in a previous letter.

The Federal health grants under the new programme will be extended to the provinces in most cases, on the condition that they do not reduce their existing expenditures for the health item in question. The grant should, therefore, not be considered as a substitute for present expenditures on health by Newfoundland. Newfoundland is not, however, in quite the same position as an existing province of Canada, since it has to carry at present the full load of health expenditures which are shared by the Dominion and the province. In my opinion, therefore, a Newfoundland provincial government would have a strong case [for] requesting some relaxation in the condition mentioned above, or in other words, for requesting that some of the Federal grant under the new programme could be used as a substitute for existing expenditures on health. This is, of course, purely a personal opinion.

I mentioned a memorandum on the tax situation under union. Unfortunately the man who was doing this has been very busy but he has promised that he will have it for me in a day or so and I shall send it on to you immediately.

I enclose a copy of Hansard for June 16th† in which there is an interesting discussion of the administration of the Government's Health and Welfare measures, together with a copy of the Prime Minister's statement of May 14th on the New Deal in Public Health.†

Yours sincerely,

R. A. MacKay

10. R.A.M./Vol. 4

J. B. McEvoy à/to R. A. MacKay

PERSONAL AND CONFIDENTIAL St. John's, June 18, 1948

My dear R. A.,

Further to my letter of the 12th instant, please be advised that we are slowly but surely getting a worth-while Organization built up although it will probably take another week before we will be ready to go into action but I will keep you advised as to progress made from time to time.

Meanwhile, we had a full-dress meeting two nights ago in which Policy was decided upon, and I think that you can expect that the matter will be conducted on a much higher plane than heretofore.

I enclose herewith draft to your Order in the sum of Six Dollars ($6.00) covering the price of the Volume of *Debates on Confederation* which you so kindly secured for, and forwarded to, me.

With kindest personal regards,

Sincerely yours,

J. B. MCEVOY

11. R.A.M./Vol. 4

Mémorandum[23]

Memorandum[23]

Ottawa, June 24, 1948

TAXATION OF THE PEOPLE OF NEWFOUNDLAND UNDER CONFEDERATION

The general line of reasoning of this memorandum is that the estimated reduction in revenue collected by both the federal and provincial governments in Newfoundland after Confederation, and the substantial excess of total expenditure by both governments in Newfoundland over total revenue collected in Newfoundland, should make it quite possible for the provincial government to find other sources of revenue with which to balance its accounts. In addition, the people of Newfoundland would pay close to 40 per cent less taxes than at present.

In the "Proposed Arrangements for the Entry of Newfoundland into Confederation," it is estimated that the ordinary federal expenditures with respect to Newfoundland would be in the neighbourhood of $20 million, of which total between $10 and $11 million would be in the form of payments to individuals through Family Allowances and Old Age Pensions. Some of the departmental expenditures would include extra administrative costs in Ottawa, and might not

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[23] Ce mémorandum fut envoyé à J. B. McEvoy par R. A. MacKay mais il en était pas l'auteur.

[23] This memorandum was sent to J. B. McEvoy by R. A. MacKay but he was not the author.

flow directly into the pockets of Newfoundlanders, but the benefit derived by the latter would be none the less great.

In the "Report of Meetings between Delegates from the National Convention of Newfoundland and Representatives of the Government of Canada," Part 2, it was estimated that the ordinary expenditures of the provincial government of Newfoundland would be approximately $14,500,000. It should be noted that the money to meet $10,320,000 of this expenditure would be provided by the federal government in the form of Tax Agreement payments and the Transitional Grant. Although these are federal expenditures the actual choice as to how the money should be spent would be made by the provincial government and they are, therefore, shown as part of the provincial budget rather than as federal expenditures.

For purposes of argument it might be assumed that the provincial government would make expenditures equal to its actual revenue only. Assuming no new sources of revenue, this would amount to $12,570,000.

In addition to these expenditures there would be:

(a) The cost of maintaining and operating the railway and auxiliary steamship services, which is estimated by the Commission of Government at $3,057,200 for the fiscal year 1948-49.

(b) Capital expenditures, which are estimated by the Commission of Government to be approximately $9,000,000 for 1948-49. Some of these capital expenditures, such as those pertaining to the railway, would become the responsibility of the Dominion government. Those remaining could be made by the provincial government if it so desires. It should be remembered that a large part of the accumulated surplus was to be left in the hands of the provincial government for the express purpose of making "developmental expenditures." It would be unnecessary for the provincial government to meet these expenditures from ordinary revenue for several years at least. This would give Newfoundland time to develop new sources of revenue if it were felt necessary or desirable.

(c) The cost to the Dominion of the new health proposal outlined by the Prime Minister. It is estimated that this might cost the Dominion $1,000,000 a year. Newfoundland provincial expenditures would have to be increased little if any in order to take advantage of the full amount of the grant, and most of this increase would be of a capital nature.

(d) The cost to the federal treasury of servicing that part of the Newfoundland debt taken over by the federal government. Although this would be an additional federal expenditure, it would probably not result in money flowing directly into the pockets of Newfoundland residents. Therefore it is not included in subsequent calculations in this memorandum.

Without taking into account capital expenditures by either the provincial or federal governments or costs of servicing the public debt, but assuming expenditures by the Dominion on the railway and the new health proposal as shown above, and expenditures by the provincial government of only $12,500,000, it may be estimated that a total of slightly less than $36,500,000 annually would be spent actually in Newfoundland.

It was estimated last summer that total federal revenue from Newfoundland would be approximately $20,200,000.

In the Budget Speech delivered by the Minister of Finance on May 18th, 1948, it was announced that exemptions from succession duties would be raised from $5,000 to $50,000 for all estates. This raising of the exemption to a level substantially above the present Newfoundland exemption would result in less revenue being collected by the federal government.

At the same time, it was announced that almost all of the foods subject to sales tax prior to that date were to be exempt from tax. A similar reduction in federal revenue should result from this action.

Revenue from existing sources remaining with the provincial government of Newfoundland is estimated at $2,250,000.

The total revenue collected by both governments would therefore be less than $20,450,000.

The excess of total government expenditures in Newfoundland over total revenue to be derived from Newfoundland, amounting to approximately $16,000,000 should provide sufficient money in the hands of the Newfoundl[illegible] public to allow the provincial government to find ways of raising the extr[illegible],000,000 needed to expand provincial expenditures to $14,500,000 without too much trouble.

It is interesting to note that the Commission of Government estimates that the revenue for the fiscal year 1948-49 will be roughly $39,400,000. In contrast to this it is estimated that total federal and provincial revenue in Newfoundland would be not more than $24,450,000 including $2,000,000 from new sources of provincial revenue, a decrease of almost $17,000,000. The difference would presumably be released for private expenditure by the residents of Newfoundland.

On the other hand, total expenditures *excluding* capital expenditures and the costs of servicing public debt are estimated at $38,500,000 for the provincial and federal governments combined, ($14,500,000 provincial and $24,000,000 federal,) as compared with the Commission of Government estimates for 1948-49 of $38,500,000 *including* capital expenditures and debt service charges.

Reduced to its essentials, this means that even if the provincial government of Newfoundland raised $2,000,000 from new sources of provincial revenue, the total revenue derived from Newfoundland under Confederation would be $15,000,000 less than that estimated by the Commission for 1948-49, or about 40 per cent, while expenditures by the provincial and federal governments in Newfoundland would be greater than the $38,500,000 estimated for 1948-49 by an amount roughly equal to the capital expenditures of the two governments.

12. R.A.M./Vol. 4

Mémorandum[24]

Memorandum[24]

MEMORANDUM ON POSSIBLE PROVINCIAL MINING TAXES IN NEWFOUNDLAND

Under Clause 8 of the Specimen Tax Agreement (copy of which is attached),[†] which is the basis for the existing agreements with seven provinces, it is specifically stated that the provinces, or any municipalities authorized by the provinces, "may . . . levy and collect taxes on income deriving from mining operations . . . " and that "Canada will allow as a deduction in computing income under the Income War Tax Act" these "royalties and rentals and taxes."

No allowance is made in the MacDonald-Currie Report for such revenues nor does it appear to have been provided for in Mr. Smallwood's estimated budget presented to the constitutional convention.

The actual terms regarding taxation in the concessions under which ore deposits are being developed at Bell Island and Buchans, and under the concession to Hollinger interests for the development of Labrador iron deposits, are not known, but assuming that these concessions would permit of taxation in the form of royalties or rentals, or income tax on mining operations in lieu of royalties or rentals, mining operations are potentially an important source of revenue for the "Province of Newfoundland," especially if the Labrador deposits are developed.

NOTES ON MACDONALD-CURRIE REPORT

1. *Schedule No. 2*

The Report is inconsistent in that, although it lumps together ordinary and reconstruction expenditures — the latter mostly of a capital nature — it does not take into account capital funds which would be available for reconstruction expenditures. Instead, it assumes that all expenditures would have to be met out of current revenue.

In the "Proposed Arrangements for the Entry of Newfoundland into Confederation," the Canadian Government offered to leave the accumulated surplus of almost $30,000,000 in the hands of the provincial government of Newfoundland, one-third to be earmarked for meeting possible provincial deficits and the remaining two-thirds to be left for capital expenditure. This proposal is ignored completely in the Report.

Of the total provincial expenditure of $18,102,000 estimated in the Report, almost $2,900,000 is made up of reconstruction expenditures, leaving only $15,-200,000 as ordinary expenditure. The deficit on ordinary account would therefore be reduced to only $1,600,000, without allowing for any new form of provincial taxation.

Furthermore, since almost $20,000,000 of the accumulated surplus would be free for capital expenditures, the provincial government could continue to make capital expenditures of the sort contemplated in the Report for almost seven

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[24] Ce mémorandum fut envoyé à J. B. McEvoy le 13 juillet.

[24] This memorandum was sent to J. B. McEvoy on July 13.

years without incurring a single deficit on capital account. Since the federal government has promised the appointment of a Royal Commission within 8 years of union to review the financial position of Newfoundland, it may reasonably be assumed that the surplus available for developmental purposes would be easily sufficient to enable the provincial government to make reasonable expenditures of a capital nature until the appointment of the Commission.

2. *Schedule No. 4*

That part of the Report dealing with the division of the present Newfoundland debt is dependent upon figures which are not quite up-to-date. For example, it shows as a liability of Newfoundland a temporary loan from the United Kingdom for war purposes in 1917 of $1,616,000 which was wiped out by the United Kingdom Government a year ago.

Furthermore, the Report makes no mention of the sinking funds set aside against the repayment of the debt. In the "Proposed Arrangements for the Entry of Newfoundland into Confederation" we pointed out that there was a sum of $879,368 already deposited in sinking funds against that portion of the Newfoundland debt to be retained by the province of Newfoundland. In addition, we mentioned the fact that $3,232,000 has been provisionally set aside at 2 1/2% interest in the Bank of England to meet the 3 1/2% loans maturing in 1950 and 1952.

I think it rather misleading to show the public debt to be retained by the province of Newfoundland as $11,984,000 when in reality the net debt of the province would be less than $6,500,000.

3. *Schedule No. 9*

The comparison of Canadian and Newfoundland succession duties set out in the Report is invalid now since the Canadian exemptions from concession duties were raised substantially in the recent Budget. According to the present Canadian rates no estate of less than $50,000 is liable to succession duties. Therefore, the first three lines of the table setting out the Canadian rates of duty should be removed.

4. *Schedule No. 11*

The comparison of public debt in Canada and in Newfoundland is very misleading. Although the Report states that the final debt figures shown both for the Dominion Government and for the Newfoundland Government represent gross debt less cash, this is not entirely accurate. The item of $27,300,000 shown as cash held by the Newfoundland Government consists in large part of short-term securities or unconvertible sterling balances accumulated in London through the recent fish export program of the Newfoundland Government. The item, therefore, should rather be called "active assets." I believe that this sum stood at $28,182,000 at March 31, 1948.

On the other hand, none of the active assets of the Canadian Government are shown in the table. These amounted at March 31, 1948, to $4,823,272,000.

If we call the second line of the table "active assets," and deduct these from the gross debt, we get a net debt for the Canadian Government as at March 31, 1948, of $12,377,798,000, and a net debt for the Newfoundland Government as at March 31, 1948, of $47,750,000. The approximate figures for per capita debts should be similarly revised.

13. R.A.M./Vol. 4

J. B. McEvoy à/to R. A. MacKay

St. John's, August 9, 1948

My dear R. A.,

Following your return to Canada I took three days off and rested and as a result got right back in shape and have since been plugging for eighteen hours a day without any difficulty. I have been so busy that it is almost impossible for me to keep up with the demands on my time both legally and constitutionally.

As you already are aware, I have been appointed as a Member of the Delegation to proceed to Ottawa, and to my inestimable pleasure will be seeing you in due course.

I have been listening to the rebroadcasts of the Liberal Convention Proceedings and to say I enjoyed it was to put the situation mildly. I was particularly impressed by the "P.M.'s" Valedictory Address which was a masterpiece any and every way you care to look at it.

I note also that Bradley and Smallwood attended the Convention and received great ovation. Were it not for the many demands upon my time, I would have endeavoured to secure an invitation myself but due to the fact that I expect to be absent from here quite considerable time in the near future, I am duty bound to my Clients to give them all the help and assistance I can before leaving for Ottawa.

When I learned from Joe Smallwood he and Gordon Bradley were attending the Convention I was somewhat concerned since I felt that the Prime Minister and the Minister might wake up any morning now and find themselves out of jobs, Bradley being Prime Minister and Joe Minister of External Affairs.

I have been relieved to learn from the C.P. Dispatches that neither of these Gentlemen is interested in the above Offices and, in particular, that Joe intends to confine himself to Provincial Politics in which he has my blessing and to whom I have already pledged my support since I have absolutely no interest in Provincial Politics myself.

Before the Delegation leaves, if it is not too much trouble, I would ask you to try and secure a single room for me at the Château so that I can be sure of accommodation on arrival.

We are holding the first preliminary Meeting of the Delegation this morning which, however, will be limited to Walsh, Crosbie, Winter and myself. Phil Gruchy is tied up for the next three or four days and Bradley and Smallwood are not due to return until tomorrow night or Wednesday morning. After discussing the matter with Walsh, however, we both felt it was desirable for many obvious reasons to make an immediate start so that the necessary preliminary steps could be taken to secure Offices, Staff, etc., in getting the material essential to our proceeding to Ottawa.

In the meantime, I think it may be fairly said that the Opposition to Confederation has died down and that the bulk of the Opposition has philosophically resigned itself to what may be fairly described as the inevitable. There is, and I

suppose for some considerable [time] to come will be, a small Group hostile to the idea motivated, no doubt, [by] selfish personal interests which the cause of Responsible Government was designed, in their judgment, to preserve.

I have talked, however, to many hundreds of people in the Responsible Government Campaign who quite resignedly and philosophically say: "Well, there it is. I did not support it but if the majority of the people want Confederation then let us have Confederation but get it over with all possible speed and on the best possible terms."

I have no news to give you whatsoever beyond the fact that Ollie and the children are well and join me in kindest personal regards to Mrs. MacKay, the children and yourself.

Sincerely yours,

J. B. McEvoy

14.

R.A.M./Vol. 4

J. B. McEvoy à/to R. A. MacKay

St. John's, January 5, 1949

My dear R. A.,

Last night I took the liberty of cabling you that I have an invitation from the Canadian Club of Montreal to address that club on January 31st on "Implications of the Confederation for Newfoundland and the other Nine Provinces" and requesting your assistance on the manner in which I should treat my assigned subject.

The Address, I understand, is to be broadcast over CFCF and is to be thirty minutes long. I'm naturally anxious to acquit myself properly but in particular to pay proper tributes to the Canadians prominently identified with the events leading up to the signing of the terms. By this I refer not merely to the PM and his Cabinet Colleagues but indeed J. Burchell, Vince MacDonald *et al.*

I would be very grateful therefore for any assistance you may care to give me on this matter and the sooner the better.

. . .

I plan to be in Ottawa about the end of the month since I am due on or about the same time in Toronto and Montreal. If there is any information you desire that I can secure or anything you want done before I leave please advise me accordingly.

I will have a great deal to tell you on the prospective political situation. As I feared I have been approached from many quarters to lead a party but in view of a pending operation and the fact that Ollie says she would not tolerate my entering the provincial field for one moment, I have thus far rejected all proposals. My little friend with the "Big Bow Tie" is, I understand, finding the going pretty tough and I predict "He's seen nuthin' yet" as he's sure going to run into a lot of trouble, as I've constantly predicted.

Confidentially I can secure a Lieutenant-Governor and a Provincial Leader should it be so desired. They are both wealthy men of the highest possible integrity and while I have stated the reasons for same, I've written Brooke Claxton for an interview on my arrival in Ottawa. I understand George Drew is coming here before January 25th and he's after one of my two men. I say "my two men" as they are both personal friends and clients of mine who say they are doing nothing unless approved by me.

I hope my ambition to insure against being drafted into political life will be realized by my appointment as one *of the six*.[25] Of course I've not mentioned my hopes to anybody except Ollie as I could see she was worrying and in view of her illness I felt compelled to ease her worries by telling her I thought I might be appointed as one *of the six* and would thus be taken out of circulation insofar as other fields of political endeavour are concerned and to which she replied "Pray God it happens as I'm afraid they'll wear you down and we must not any more go through anything like we experienced in 1947 and 1948."

If, therefore, there is anything you can do to help along our cause need I say how grateful we will be. As I see it it would be the greatest form of insurance against what we both hate the thought of and gives me a nice way out.

Moreover in view of the prospect of my having to be at Ottawa for extended periods on law work the two would certainly dovetail together.

I understood from certain persons at Ottawa before leaving that I could count on an appointment. I can only hope it will materialize because it would certainly mean another ten or fifteen years of life for me if I am to believe what my Montreal doctors told me three weeks ago.

I'm busier than hell trying to catch up with the back-log of legal work which accumulated during my prolonged absence. I'll write you from time to time especially if anything startling occurs.

Meanwhile, with kindest regards and every good wish for 1949 to Mrs. MacKay, the children and yourself, in which I am joined by Ollie and the children.

Sincerely yours,

J. B. McEvoy

P.S. Please tell Miss Bruer that I have been unable to catch up with the other members of the Delegation in order to have her copies of the terms autographed by them. I will do so however in due course and will send or bring them back to her.

15. R.A.M./Vol. 4

J. B. McEvoy à/to R. A. MacKay

St. John's, March 9, 1949

[25] Terre-Neuve avait droit d'être représentée au Sénat par six sénateurs.

[25] Newfoundland was entitled to be represented in the Senate by six senators.

Dear R. A.,

Herewith clipping from this morning's edition of *The Daily News* entitled "SMALLWOOD NAMES CERTAIN MEMBERS OF HIS INTERIM CABINET."[†]

It may well be that this is pure propaganda on Smallwood's part but should it have any foundation in fact it is going to be difficult to defend for reasons we have already discussed, and, in particular, because I was clearly given to understand that no person entering Provincial Politics would be appointed to the Interregnum Government lest the charge be made that Ottawa did so deliberately with the idea of giving such persons advantages over their appointment [opponent?] in the First Provincial Election.

Should Smallwood's predictions be, in fact, realized it would be a serious matter since it is calculated to further inflame an important section of public opinion, and instead of unity and harmony being the order of the day the direct opposite may very well prove to be the result.

Certain it is that it will lay the foundation down here for probably the bitterest campaigns, both in the Provincial and Federal fields, that this country has ever known.

Smallwood's repeated assertions in Ottawa, Toronto and throughout Newfoundland that his Nominee, namely, Outerbridge, would be appointed Lieutenant-Governor *on condition* he would send for Smallwood to form the Interregnum Government together with his indiscreet announcement to the Papers now has provoked the conclusion that there is "collusion" to hand the Island over to Smallwood as his reward for his efforts in the Confederation Issue.

I am leaving for New York on the 16th and expect to be in Ottawa for a day or two during the week of March 21st and will endeavour to arrange an appointment with you in advance upon my arrival at Ottawa.

Yours sincerely,

J. B. McEvoy

16. R.A.M./Vol. 4

J. B. McEvoy à/to R. A. MacKay

St. John's, March 11, 1949

Dear R. A.,

As evidenced by the clippings herewith enclosed public opinion here seems to be unanimous on one question at least and that is Smallwood's brash announcement that he is to head the Interregnum Gov't. Should this materialize it's going to lead to serious trouble as I've repeatedly warned and I sincerely hope in the interests of Union that such will not be the case.

Certain it is that such an appointment will mean[26] to Drew in both the Provin-

[26] Cette lettre fut écrite à la main. Il a été impossible de déchiffrer le mot après "mean."

[26] This was a handwritten letter. It has not been possible to make out the word after "mean."

cial and Federal fields because, apart from the fact that there is a big Drew following in the ranks of the "Antis," thousands of Confederates who are Liberals in tendency will refuse to go along with Smallwood and that includes me. Apart altogether from his dangerous propensities he is not qualified by mentality or experience to do the job and before getting into the National Convention his achievements amounted to running a piggery at Gander.

To say many Confederates are greatly worried over the situation is to put it mildly and will continue to be until and unless the situation is clarified in accordance with public opinion. I'm leaving for New York next week and will be dropping off at Ottawa for a day on my return when I will give you a shout.

Kindest regards,

J. B. M[cEvoy]

Appendice F/Appendix F

RÉSULTATS DU PREMIER SCRUTIN DU REFERENDUM NATIONAL TENU LE 3 JUIN 1948[27]

RESULTS OF THE FIRST POLL OF THE NATIONAL REFERENDUM HELD ON JUNE 3, 1948[27]

Circonscriptions électorales / Electoral districts	Nombre d'électeurs inscrits et % de votants / No. of registered voters and % of those who voted	Pour la Commission pour Terre-Neuve (votes et %) / For Commission of Government (votes and %)	Pour la Confédération avec le Canada (votes et %) / For Confederation with Canada (votes and %)	Pour le Gouvernement autonome (votes et %) / For Responsible Government (votes and %)
St. Barbe	3,755	639	1,949	442
	(80.69%)	(21.09%)	(64.32%)	(14.59%)
White Bay	5,663	842	3,327	1,053
	(92.21%)	(16.12%)	(63.71%)	(20.17%)
Green Bay	4,650	682	2,208	758
	(78.45%)	(18.70%)	(60.52%)	(20.78%)
Grand Falls	11,458	3,025	5,078	4,477
	(109.79%)	(24.05%)	(40.37%)	(35.59%)
Twillingate	5,513	1,544	1,569	525
	(65.99%)	(42.44%)	(43.13%)	(14.43%)
Fogo	5,652	1,084	1,978	1,164
	(74.77%)	(25.65%)	(46.81%)	(27.54%)
Bonavista North	6,743	595	3,252	1,269
	(75.87%)	(11.63%)	(63.57%)	(24.80%)
Bonavista South	7,137	1,315	1,944	2,475
	(80.34%)	(22.93%)	(33.90%)	(43.16%)
Trinity North	6,983	1,048	2,554	1,726
	(76.30%)	(19.67%)	(47.93%)	(32.39%)
Trinity South	5,915	471	2,099	1,816
	(74.15%)	(10.74%)	(47.86%)	(41.40%)
Carbonear-Bay de Verde	6,843	337	2,336	2,715
	(78.74%)	(6.25%)	(43.36%)	(50.39%)

[27] Résultats officiels tels qu'indiqués dans le rapport du 12 août 1948 du directeur des élections.

[27] Official results as indicated in the report of August 12, 1948, of the Chief Electoral Officer.

Harbour Grace	4,173	181	1,045	2,195
	(81.98%)	(5.29%)	(30.55%)	(64.16%)
Port de Grave	4,603	242	1,409	1,818
	(75.36%)	(6.98%)	(40.62%)	(52.40%)
Harbour Main-Bell Island	9,168	431	982	6,690
	(88.38%)	(5.32%)	(12.12%)	(82.56%)
St. John's West	19,586	1,874	4,958	13,048
	(101.50%)	(9.43%)	(24.94%)	(65.63%)
St. John's East	16,313	1,732	3,838	10,752
	(100.05%)	(10.61%)	(23.51%)	(65.87%)
Ferryland	3,791	134	206	3,230
	(94.17%)	(3.75%)	(5.77%)	(90.48%)
Placentia and St. Mary's	5,699	313	780	4,034
	(89.96%)	(6.10%)	(15.21%)	(78.68%)
Placentia West	5,488	469	1,987	1,617
	(74.22%)	(11.51%)	(48.78%)	(39.70%)
Burin	5,683	372	3,687	634
	(82.58%)	(7.93%)	(78.56%)	(13.51%)
Fortune Bay and Hermitage	6,267	815	2,964	886
	(74.44%)	(17.47%)	(63.54%)	(18.99%)
Burgeo-LaPoile	4,814	607	2,780	435
	(79.39%)	(15.88%)	(72.74%)	(11.38%)
St. George's-Port au Port	6,769	1,030	3,053	2,382
	(95.51%)	(15.93%)	(47.22%)	(36.84%)
Humber	10,745	2,367	6,225	2,996
	(107.84%)	(20.43%)	(53.72%)	(25.85%)
Labrador	2,886	162	1,858	263
	(79.11%)	(7.10%)	(81.38%)	(11.52%)
Total	176,297	22,311	64,066	69,400
	(88.36%)	(14.32%)	(41.13%)	(44.55%)

Appendice G/Appendix G

RÉSULTATS DU SECOND SCRUTIN DU REFERENDUM NATIONAL TENU LE 22 JUILLET 1948[28]

RESULTS OF THE SECOND POLL OF THE NATIONAL REFERENDUM HELD ON JULY 22, 1948[28]

Circonscriptions électorales / Electoral Districts	Nombre d'électeurs inscrits et % de votants / No. of registered voters and % of those who voted	Pour la Confédération avec le Canada (votes et %) / For Confederation with Canada (votes and %)	Pour le Gouvernement autonome (votes et %) / For Responsible Government (votes and %)
St. Barbe	3,755	2,353	633
	(79.52%)	(78.80%)	(21.20%)
White Bay	5,663	4,171	1,331
	(97.16%)	(75.81%)	(24.19%)
Green Bay	4,650	2,392	960
	(72.09%)	(71.36%)	(28.64%)
Grand Falls	11,458	6,228	4,802
	(96.26%)	(56.46%)	(43.54%)
Twillingate	5,513	2,524	830
	(60.84%)	(75.25%)	(24.75%)
Fogo	5,652	2,438	1,499
	(69.66%)	(61.93%)	(38.07%)
Bonavista North	6,743	3,466	1,187
	(69.00%)	(74.49%)	(25.51%)
Bonavista South	7,137	2,730	2,530
	(73.70%)	(51.90%)	(48.10%)
Trinity North	6,983	3,153	1,691
	(69.37%)	(65.09%)	(34.91%)
Trinity South	5,915	2,593	1,709
	(72.73%)	(60.27%)	(39.73%)
Carbonear-Bay de Verde	6,843	2,705	2,427
	(75.00%)	(52.71%)	(47.29%)

[28] Résultats officiels tels qu'indiqués dans le rapport du 26 août 1948 du directeur des élections.

[28] Official results as indicated in the report of August 26, 1948, of the Chief Electoral Officer.

Harbour Grace	4,173	1,206	1,995
	(76.71%)	(37.68%)	(62.32%)
Port de Grave	4,603	1,565	1,626
	(69.32%)	(49.04%)	(50.96%)
Harbour Main-Bell Island	9,168	1,431	6,784
	(89.61%)	(17.42%)	(82.58%)
St. John's West	19,586	6,193	12,513
	(95.51%)	(33.11%)	(66.89%)
St. John's East	16,313	4,895	10,784
	(96.11%)	(31.22%)	(68.78%)
Ferryland	3,791	612	3,353
	(104.59%)	(15.44%)	(84.56%)
Placentia and St. Mary's	5,699	920	4,081
	(87.75%)	(18.40%)	(81.60%)
Placentia West	5,488	2,067	1,704
	(68.71%)	(54.81%)	(45.19%)
Burin	5,683	4,079	722
	(84.48%)	(84.96%)	(15.04%)
Fortune Bay and Hermitage	6,267	3,675	840
	(72.04%)	(81.40%)	(18.60%)
Burgeo and LaPoile	4,814	3,296	411
	(77.00%)	(88.91%)	(11.09%)
St. George's-Port au Port	6,769	3,817	2,911
	(99.39%)	(56.73%)	(43.27%)
Humber	10,745	7,133	3,245
	(96.58%)	(68.73%)	(31.27%)
Labrador	2,886	2,681	766
	(119.44%)	(77.78%)	(22.22%)
Total	176,297	78,323	71,334
	(84.89%)	(52.34%)	(47.66%)

Appendice H/Appendix H

COMPTE RENDU SOMMAIRE DES NÉGOCIATIONS ENTRE LA DÉLÉGATION DE TERRE-NEUVE ET LE COMITÉ DU CABINET[29]

SUMMARY OF PROCEEDINGS OF NEGOTIATIONS BETWEEN NEWFOUNDLAND DELEGATION AND CABINET COMMITTEE[29]

The formal opening of the negotiations for the entry of Newfoundland into Confederation was held in the Senate Chamber on Wednesday, October 6, 1948, at 12 o'clock noon. The meeting was open to the Press and the public.

The Newfoundland delegation was welcomed by the Right Honourable Louis S. St. Laurent, Acting Prime Minister. The Honourable A. J. Walsh replied on behalf of the Newfoundland delegation. The text of the addresses given by the Acting Prime Minister and by the Chairman of the Newfoundland delegation are annexed hereto.[†]

On a joint motion by Mr. St. Laurent and Mr. Walsh, the meeting adjourned until the following day at 3.00 p.m. All subsequent meetings were held *in camera* with the exception of the concluding session at which the terms of union were signed.

MEMBERSHIP

The Newfoundland delegation was composed of the following members:

The Honourable Albert J. Walsh, K.C. (Chairman),
Mr. F. Gordon Bradley, K.C.,
Mr. Chesley L. Crosbie,
Mr. Philip Gruchy, C.B.E.,
Mr. John B. McEvoy, K.C.,
Mr. Joseph R. Smallwood,
Mr. Gordon A. Winter.

Advisors to the Newfoundland delegation were:

Mr. W.M. Marshall, Secretary for Finance,
Mr. H.G. Puddester, K.C., Secretary for Justice,
Mr. J.C. Thompson, Financial Advisor,
Mr. V.C. MacDonald, K.C., Legal Advisor.

The advice of other Newfoundland officials was also available from time to time as required on matters relating to their particular departments.

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[29] Extrait de Canada, *Rapport et documents relatifs aux négociations en vue de l'union de Terre-Neuve et du Canada.* Ministère des Affaires extérieures, Recueil des conférences 1948, N° 2. Annexe IX. Ottawa: Imprimeur du Roi, 1949. Le texte français commence à la page 2003.

[29] Extract from Canada, *Report and Documents Relating to the Negotiations for the Union of Newfoundland with Canada.* Department of External Affairs, Conference Series, 1948, No. 2. Appendix 9. Ottawa: King's Printer, 1949.

The Cabinet Committee appointed to meet with the Newfoundland delegation was composed of the following ministers:

The Right Honourable Louis S. St. Laurent, (Chairman), Acting Prime Minister and Minister of Justice,[30]
The Right Honourable C.D. Howe, Minister of Trade and Commerce,
The Honourable Brooke Claxton, (Deputy Chairman), Minister of National Defence,
The Honourable D.C. Abbott, Minister of Finance,
The Honourable J.J. McCann, Minister of National Revenue,
The Honourable M.F. Gregg, Minister of Veterans Affairs,
The Honourable R.W. Mayhew, Minister of Fisheries,
The Honourable L.B. Pearson, Secretary of State for External Affairs.

The Cabinet Committee was advised from time to time by the following:

Mr. C.J. Burchell, K.C., High Commissioner for Canada in Newfoundland;
Mr. Walter Harris, K.C., M.P., Parliamentary Assistant to the Prime Minister;
Mr. C.B. MacNaught, M.P., Parliamentary Assistant to the Minister of Fisheries;

and by the following interdepartmental committee of officials:

Mr. R.A. MacKay (External Affairs), (Chairman),
Mr. M.W. Sharp (Finance),
Mr. J.E. Coyne (Bank of Canada),
Mr. J.E. Howes (Bank of Canada),
Mr. Stewart Bates (Fisheries),
Mr. Alex. Skelton (Trade and Commerce),
Mr. Charles Stein (Justice),
Mr. J.-C. Lessard (Transport),
Mr. J.R. Baldwin (Privy Council).

Members of the Secretariat were Mr. J. R. Baldwin and Mr. Paul Pelletier of the Privy Council Office and Mr. J. Channing of the Newfoundland Public Service.

TERMS OF REFERENCE

The terms of reference under which the Canadian Cabinet Committee and the Newfoundland delegation negotiated the terms of union are contained in the following extracts from statements issued by the Canadian and United Kingdom governments and the Governor of Newfoundland:

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[30] The following note was in the original:
Mr. St. Laurent became Prime Minister during the course of the negotiations upon the resignation of the Right Honourable W. L. Mackenzie King.

"The Government will also be glad to receive with the least possible delay authorized representatives of Newfoundland to negotiate terms of union on the basis of my letter of October 29, 1947, to the Governor of Newfoundland, and the document transmitted with it. In these negotiations any special problems which may arise in connection with the entry of Newfoundland into Confederation will, I am sure, receive most careful consideration. Before final action is taken, the Government will recommend the resulting agreement to the Parliament of Canada for approval."

(Statement by the Prime Minister of Canada, July 30, 1948 — see Appendix 6a).

"The next step will be for appointed Newfoundland representatives to go to Ottawa in order to arrange in negotiation with representatives of the Canadian Government the final terms of union. These will later be submitted to the Canadian Parliament with whom the final decision will rest for their approval."

(Statement issued by the United Kingdom Government, July 30, 1948 — see Appendix 6b).

"It is now proposed that His Excellency on behalf of the Government of Newfoundland will communicate, without delay, with the Government of Canada with a view to authorized representatives of Newfoundland proceeding to Ottawa for negotiation of the final terms of union in accordance with the statements already published. In these negotiations Newfoundland will be represented by seven delegates who will be appointed by His Excellency and who will have the services of such officials and advisers as may be considered necessary."

(Statement issued by the Government of Newfoundland July 30, 1948. — see Appendix 6c).

PROCEDURE

Sub-committees composed of Canadian and Newfoundland representatives and assisted by officials were established from time to time. The more important of these sub-committees were the following:

(a) Sub-committee on Drafting: The Honourable Joseph Jean, Solicitor General for Canada (Chairman), Mr. Walter Harris, M.P., Parliamentary Assistant to the Prime Minister, Honourable A. J. Walsh, Mr. F. G. Bradley, Mr. J. B. McEvoy.

The Sub-committee was assisted by: Mr. F. P. Varcoe, K.C., Deputy Minister of Justice, Mr. Charles Stein, Mr. E. A. Driedger, Mr. C. J. Burchell, K.C., and by Mr. H. G. Puddester and Mr. V. C. MacDonald for Newfoundland.

(b) Sub-committee on Finance: The Honourable D. C. Abbott (Chairman), the Honourable A. J. Walsh, Mr. Philip Gruchy.

The Sub-committee was assisted by: Dr. W. C. Clark, Deputy Minister of Finance, Mr. M. W. Sharp, and other officials of the Departments of Finance, National Revenue, Trade and Commerce, and the Bank of Canada; Newfoundland advisers — Mr. M. W. Marshall, and Mr. J. C. Thompson.

(c) Sub-committee on Fisheries: The Honourable R. W. Mayhew, Minister of Fisheries (Chairman), the Honourable M. F. Gregg, Minister of Veterans Affairs, and all members of the Newfoundland delegation.

The Sub-committee was assisted by: Mr. Stewart Bates, Deputy Minister of Fisheries, and other officials of the Departments of Fisheries, Finance, Trade and Commerce and Justice; on behalf of Newfoundland Mr. R. Gushue, Chairman of the Newfoundland Fisheries Board, Mr. H. G. Puddester, Mr. V. C. MacDonald.

(d) Sub-committee on Transport: The Honourable Lionel Chevrier, Minister of Transport (Chairman), the Honourable A. J. Walsh, Mr. Philip Gruchy, Mr. F. G. Bradley.

The Sub-committee was assisted by: Mr. J.-C. Lessard, Deputy Minister of Transport, Lieutenant-Commander C. P. Edwards, Deputy Minister of Transport for Air Services, members of the Canadian Maritime Commission, the Board of Transport Commissioners, National Harbours Board, and officials of the Department of Transport and the Canadian National Railways; Newfoundland officials — Mr. W. S. Roddis, Secretary for Posts and Telegraphs, Captain M. G. Dalton, Marine Superintendent, Mr. H. J. Russell, General Manager of the Newfoundland Railway, and other officials of the Newfoundland Department of Public Works and the Newfoundland Railway.

(e) Sub-committee on Veterans Affairs: The Honourable M. F. Gregg, Minister of Veterans Affairs (Chairman), the Honourable A. J. Walsh, Mr. F. G. Bradley, Mr. C. A. Crosbie, Mr. Philip Gruchy, Mr. J. R. Smallwood, Mr. G. A. Winter.

The Sub-committee was assisted by: Mr. W. S. Woods, Deputy Minister of Veterans Affairs, Brigadier J. L. Melville, Chairman, Canadian Pension Commission, and officials of the Departments of Veterans Affairs and Finance.

An opportunity was given by the committee to the Canadian Legion and the Great War Veterans Association of Newfoundland to express their views.

FINAL SESSION

Negotiations between the Newfoundland delegation and the Cabinet Committee were formally concluded at a public meeting held at 12 o'clock noon in the Senate Chamber on Saturday, December 11, 1948.

The Terms of Union were signed on behalf of Canada by the Prime Minister and the Acting Secretary of State for External Affairs under authority of Order in Council P.C. 5772 of December 10, 1948 (Appendix 8) and by the following members of the Newfoundland delegation:

The Honourable
A. J. Walsh
Mr. F. G. Bradley
Mr. P. Gruchy
Mr. J. B. McEvoy
Mr. J. R. Smallwood
Mr. G. A. Winter

The inkstand used in the signing of the agreement was that which was used by the Fathers of Confederation in 1864 and again at the 1943 Quebec Conference by Mr. Mackenzie King, President Roosevelt and Mr. Winston Churchill.

The Prime Minister also signed a memorandum, addressed to the Chairman of the Newfoundland delegation, which included a number of statements on ques-

tions raised by the Newfoundland delegation during the discussions. The memorandum does not form part of the Terms of Union but contains statements of Government policy and administrative arrangements designed to facilitate the union.

Addresses by the Prime Minister and the Chairman of the Newfoundland delegation, the full texts of which are annexed hereto, concluded the proceedings.

CONCLUDING PLENARY SESSION OF THE MEETINGS BETWEEN THE NEWFOUNDLAND DELEGATION AND REPRESENTATIVES OF THE GOVERNMENT OF CANADA DECEMBER 11, 1948

Speech by Rt. Hon. Louis S. St. Laurent,
Prime Minister of Canada

Mr. Walsh and Gentlemen:

For two months the official Delegation from Newfoundland has been working out with representatives of the Government of Canada precise terms for the entry of Newfoundland into Confederation. I am sure all of us are agreed that our labours have been characterized by a spirit of mutual understanding and goodwill. The representatives of the Government of Canada have endeavoured to appreciate the position and views of the delegation from Newfoundland, to be responsive to requests for information, and generally to facilitate the negotiations. I hope we have succeeded. I know I am speaking for all the Canadians who have participated in our discussions when I express warm appreciation of the broad outlook and co-operative attitude of the Newfoundland delegation.

I feel that I shall be speaking for the Newfoundland delegation, as well as for my colleagues, when I express our thanks for the hard work and efficient service of the officials and the clerical staffs on both sides, who have been associated with these arduous and complicated negotiations.

All of us in this room know it has not been a simple task to arrive at exact terms of union. At this moment, it may be appropriate to recall what had been accomplished before our labours began on October 6. Time and study were required to determine whether there was a fair and equitable basis for the entry of Newfoundland into Confederation. A delegation from the National Convention of Newfoundland spent four months here in Ottawa in 1947, exploring this question with a committee of the Canadian Government. Following that study, Mr. Mackenzie King communicated to the Governor of Newfoundland the general terms the Canadian Government would be prepared to recommend to Parliament as a basis for union. Then the people of Newfoundland were given, in a democratic manner, an opportunity to decide whether, on that basis, they wished Newfoundland to unite federally with Canada. When the people of Newfoundland, by a majority vote in a referendum on July 22, 1948, had expressed their desire to enter into Confederation, Mr. King announced that the government of Canada would be glad to receive authorized representatives of Newfoundland to work out the precise terms of an agreement for union. That agreement has now been concluded, and as Mr. King indicated, the next stage in Canada will be its submission to Parliament for approval. It will also require to be approved by the Government of Newfoundland and confirmed by an act of the British Parliament.

The agreement has required long and careful consideration. You for Newfoundland and we for Canada have had to do our respective bests to safeguard the interests of those whom we represent. Happily, our primary concern has not been for the narrow advantage of each, but to assure our common interests in one enlarged nation. We have, it is true, had certain difficulties. But, as D'Arcy McGee once said when talking about objections that had been raised to Confederation, "I have never heard . . . of any state being founded or enlarged or delivered from danger, except by surmounting difficulties."

In many ways the problems we have surmounted have been more difficult and more complex than those faced by the Fathers of Confederation in 1867. Government then was a simpler business than government today, and the economies of the British North American colonies of that day were more alike than are the economies of Newfoundland and Canada today. In the years intervening since 1867, we have gone our separate ways; we have developed differently; and we have built up quite different administrative systems. Marriage between adults of mature years requires greater adjustment and a broader tolerance of differences between the parties than does marriage between younger folk just starting to assume the responsibilities of life. So, too, with the union of mature countries. We may, I think, congratulate ourselves that we have successfully surmounted these difficulties in such a relatively short space of time.

Now at last we have reached agreement and the terms of agreement for the entry of Newfoundland into Confederation have been signed. The date of union on which we have set our sights is March 31, 1949. Upon that day, I profoundly hope we shall see the fruition of our work. Some details in our agreement may not meet the approbation of all. But I would ask those who may not be satisfied with every detail to think of the general good which flows from this historic act. It is my sincere hope — and my belief — that the future will find the vast majority of people in what is now Canada and the vast majority of people in Newfoundland in continued and warm agreement as to the justice and wisdom of these terms of the union.

The entry of Newfoundland into Confederation will, I am confident, be of mutual advantage to both parties. When, over 81 years ago, the plans for the union of the British colonies of North America were being drafted, the problem of defence and security was in the minds of a good many people who favoured union. During two wars, Canada and Newfoundland have worked in exceedingly close co-operation for mutual defence and the achievement of victory. The question of defence and security is very much in our minds again to-day. With Newfoundland forming the tenth province of Canada, I think that both we in Canada and you in Newfoundland will feel more secure than heretofore in this troubled world.

Union will bring our two peoples much closer together. That, to my mind, will be its most important consequence. Already we have much in common. We enjoy the same heritage. We have the same political traditions. We are certainly not strangers to each other. Now we shall be able to cultivate to the full our old associations and to build new ones. As Mr. Bradley said when the delegation from the National Convention came to Ottawa in June, of 1947, "should Newfoundland become the tenth province of your Canadian Union, you will be receiv-

ing as a partner a proud people eager and determined to pull their weight in generous measure." Canadians are equally "eager and determined to pull their weight."

Canada has made tremendous strides in the eighty-one years that have passed since the four original provinces joined in Confederation on July 1st, 1867. We are a united people. Our strength, both physical and economic, has increased many fold. We are prosperous. But we have not ceased working for an ever-brighter future, with increased well-being and security for our people. In Confederation, the people of Newfoundland will share all the advantages now enjoyed by the rest of the Canadian people of whom they will then form a part.

(Spoken in French)

I should like to say a word about the kind of nation Canada is, and to emphasize my point by saying it in the French language. This nation of ours, which you are about to enter, is based on an equal partnership of the two great races with whom the history of Newfoundland as well as the history of Canada is so closely associated. Our country has two official languages and two distinct though closely related cultures. But we are one people. We are ready to welcome you from Newfoundland into that nation and we are confident that you will join with us in upholding the distinctive character of the Canadian nation, of which Sir John A. Macdonald said, shortly before the close of his life nearly sixty years ago: "We have a constitution now under which all British subjects are in a position of absolute equality, having equal rights of every kind — of language, of religion, of property and of person. There is no paramount race in this country; there is no conquered race in this country."

Nowadays we are more apt to talk about Canadian citizens than British subjects; but the ideal has not changed. The foundations of our nationhood are and will remain, mutual tolerance and equal partnership.

[text]

With the signing of the agreement by which Newfoundland is to become a province of the Canadian nation, we have concluded that part of our labours, and concluded them successfully. In another and in a much more important respect, our common task is only beginning. No nation can ever stand still. The fact that we are here is evidence of that. Newfoundland has felt the change of the times and the development of new factors in its political and economic life. Canada too has felt the force of change and development. Sir Frederick Carter, one of the original Fathers of Confederation from Newfoundland, said of Canada, on one occasion, "as you advance we must advance." With Newfoundland entering Confederation, I believe the advance towards greater unity and prosperity on the northern half of this continent will be steadier and surer.

Gentlemen, I am confident of our united future. My colleagues in the Government and I are happy and proud to have had this opportunity of working with you. We, with the people of Canada, look forward to the last great step in Confederation. We believe that, with you, we have had the privilege of completing the structure of a "Union strong and great."

Reply by Hon. A. J. Walsh, Chairman of the Newfoundland Delegation

Mr. Prime Minister and Members of the Committee of the Government of Canada:

For over two months the representatives of Newfoundland have been meeting with you to discuss the many problems — financial, economic, administrative and constitutional — which are involved in the union of Newfoundland with Canada or will arise as a result of that union. Together we have been endeavouring to work out an arrangement between our two countries which will serve to promote the welfare of both and protect the interests of each.

The Terms of Union which we have just signed on behalf of our Governments embody the agreement reached on financial, economic and constitutional matters and with the British North America Acts, will form the basis on which the constitutional edifice of the proposed new province will rest. Of less formality but great practical importance is another document which deals largely with administrative matters and records Government policy respecting them in their application to Newfoundland during the period immediately following union.

The great constitutional principles applying to this Federal system of Government were worked out prior to 1867 by the Fathers of Confederation and applied to the four original provinces when they united to form one Dominion under the name of Canada, and these principles also applied with but slight, if any, variation to provinces subsequently admitted to the union. Apart from providing for the machinery of Government in the province, because of the present constitutional position of Newfoundland, it has not been found necessary to deal to any great extent with constitutional matters.

Since 1867, however, great developments have taken place in Newfoundland and her economy has broadened considerably. The people of this new province will depend upon its economy to provide a livelihood for themselves and their families and careful consideration of economic questions was necessary at the recent discussions in order, as far as possible, to ensure the existence of conditions which would provide reasonable prosperity in its industries.

With the Government of the Province will remain the responsibility of providing the major public services which are so essential to the welfare of the people. Financial questions of great importance to the province arose for discussion, as undoubtedly they have on similar occasions in the past. After long and careful study of the services provided in Newfoundland, the costs involved in providing necessary services for a thinly scattered population, the system of raising public revenues at present applying and the sources from which revenues may within provincial powers be drawn, agreement on these important questions was reached.

In many respects and for different reasons, the policy of Newfoundland, particularly that respecting regulation of trade and commerce and promotion of industrial enterprises, has differed from the policy of Canada, and provision has in many cases been made respecting matters of importance to Newfoundland in these fields.

Our discussions have, therefore, covered a wide range of topics, because without doubt union will involve changes of great importance for Newfoundland in many directions. Many of the questions were discussed by the committee of the National Convention which in 1947 met representatives of your Government to ascertain whether a fair and equitable basis for union existed. The Proposed Arrangements submitted to the National Convention following those discussions were debated in the Convention and were before the people when in July last they, by a majority, at a referendum voted in favour of union with Canada. In accordance with the undertaking given to the people by the Government of the United Kingdom before the referendum, this delegation was appointed to discuss and settle the full terms of union. In signing the Terms of Union today we, as representatives of Newfoundland, do so with the knowledge that they make more adequate provision for the needs of the proposed new province than those before the people at the referendum, and in our opinion assure to the provincial government a period of financial stability.

The signing of this important document is one of great historic significance. The provisions of the document as a constitutional instrument will probably be examined and construed by courts on many occasions; its financial provisions will probably form the basis for claims and counter-claims. Its great importance, however, lies in recording an agreement between representatives of two countries to unite into one great country with a common citizenship for its people who will in the strength of unity stand together and face the future with confidence. The occasion is one of particular significance because of the failure of efforts to bring about union on former occasions with the result that Newfoundland stood alone on the eastern seaboard of a great country which expanded and grew in size and importance. This occasion marks a necessary and important step towards the final realization of the vision of the Fathers of Confederation, who saw a great new nation standing astride the northern half of the continent. With approval by your Parliament and the Government of Newfoundland and confirmation by the Government of the United Kingdom, this vision will be fully realized on March 31st next.

For a large number of the people of Newfoundland the union will mean changes. While many look forward with confidence to a great future in this union, many feel that the destinies of Newfoundland could best be worked out by the people of Newfoundland themselves standing as a separate entity in the world. As in many other agreements of this kind, much depends upon the desire of both sides to make the arrangement succeed. The people of Newfoundland will undoubtedly obtain many benefits from this Union; they will also make a great contribution to the further development of Canada.

We, representatives of Newfoundland, are proud of our participation in this great event. We assure you that Newfoundland and her people will play their part as citizens of Canada and we place great faith in the obvious desire of your Government and your people that our country and our people will find a prosperous and happy place in this great union.

Les négociations en vue de l'entrée de Terre-Neuve dans la Confédération se sont officiellement ouvertes dans l'enceinte du Sénat le mercredi 6 octobre 1948, à midi. Les journalistes et le public étaient admis.

Le très honorable Louis S. St-Laurent, Premier ministre suppléant, souhaita la bienvenue à la délégation de Terre-Neuve. L'honorable A. J. Walsh répondit au nom de la délégation. Le texte de leurs discours est reproduit dans le présent document.†

Sur proposition conjointe de M. St-Laurent et de M. Walsh, la réunion s'ajourna au lendemain, à 3 heures de l'après-midi. Les séances subséquentes, sauf la cérémonie de clôture, à laquelle furent signées les conditions de l'union ont eu lieu à huis clos.

PARTICIPÈRENT AUX NÉGOCIATIONS

Pour Terre-Neuve:

L'honorable Albert J. Walsh, C.R., LL.B. (président)
M. F. Gordon Bradley, C.R., LL.B.
M. Chesley L. Crosbie
M. Philip Gruchy, C.B.E.
M. John B. McEvoy, C.R., LL.B.
M. Joseph R. Smallwood
M. Gordon A. Winter

Les conseillers de la délégation de Terre-Neuve étaient:

M. W.M. Marshall, secrétaire pour les questions financières
M. H.G. Puddester, C.R., secrétaire pour la Justice
M. J.C. Thompson, conseiller financier
M. V. MacDonald, C.R., conseiller juridique

D'autres fonctionnaires de Terre-Neuve furent invités à donner leur avis sur les questions relevant de leur compétence.

Pour le Canada (comité du Cabinet désigné pour conférer avec la délégation de Terre-Neuve):

Le très honorable Louis S. St-Laurent (président), Premier ministre suppléant et ministre de la Justice[31]
Le très honorable C.D. Howe, ministre du Commerce
L'honorable Brooke Claxton, ministre de la Défense nationale (vice-président)
L'honorable D.C. Abbott, ministre des Finances
L'honorable J.J. McCann, ministre du Revenu national
L'honorable M.F. Gregg, ministre des Affaires des anciens combattants
L'honorable R.W. Mayhew, ministre des Pêcheries
L'honorable L.B. Pearson, secrétaire d'État aux Affaires extérieures

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[31] La note suivante était dans l'original:
M. St-Laurent devint premier ministre au cours des négociations, après la démission du très honorable W. L. Mackenzie King.

A l'occasion, le comité du Cabinet eut recours aux conseils des personnalités suivantes:

M. C.J. Burchell, C.R., haut commissaire du Canada à Terre-Neuve

M. Walter Harris, M.P., adjoint parlementaire au Premier ministre

M. C.B. MacNaught, M.P., adjoint parlementaire au ministre des Pêcheries

ainsi qu'à un comité interministériel composé des fonctionnaires suivants:

M. R.A. MacKay (Affaires extérieures) (président)
M. M.W. Sharp (Finances)
M. J.E. Coyne (Banque du Canada)
M. J.E. Howes (Banque du Canada)
M. Stewart Bates (Pêcheries)
M. Alex. Skelton (Commerce)
M. Charles Stein (Justice)
M. J.-C. Lessard (Transports)
M. J.R. Baldwin (Conseil privé)

Le secrétariat était composé de M. J. R. Baldwin et de M. Paul Pelletier, du bureau du Conseil privé, ainsi que de M. J. Channing, du service public de Terre-Neuve.

MANDAT

Le mandat, aux termes duquel le comité du Cabinet canadien et la délégation de Terre-Neuve ont négocié les conditions de l'union, est contenu dans les extraits suivants de déclarations faites par le Gouvernement canadien, le Gouvernement du Royaume-Uni et le Gouverneur de Terre-Neuve:

"Le Gouvernement sera également heureux de recevoir sous le plus bref délai possible des représentants autorisés de Terre-Neuve afin de négocier les conditions de l'union sur la base énoncée dans ma lettre du 29 octobre 1947 au Gouverneur de Terre-Neuve ainsi que dans le document qui l'accompagnait. Au cours de ces négociations, tout problème particulier que pourra poser l'entrée de Terre-Neuve dans la Confédération fera l'objet de l'examen le plus attentif. Avant que ne soient prises des mesures définitives, le Gouvernement recommandera à l'approbation du Parlement canadien l'accord qui résultera des pourparlers."

(Déclaration du premier ministre du Canada, en date du 30 juillet 1948; voir Annexe 6 a)

"Il faudra ensuite que des représentants désignés de Terre-Neuve se rendent à Ottawa pour arrêter, de concert avec des représentants du Gouvernement canadien, les conditions définitives de l'union. Ces conditions seront ensuite soumises au Parlement canadien auquel il appartiendra en dernier ressort de les approuver."

(Déclaration publiée le 30 juillet 1948 par le Gouvernement du Royaume-Uni, voir Annexe VI B)

"Il est maintenant proposé que Son Excellence, au nom du Gouvernement de Terre-Neuve, communique sans retard avec le Gouvernement canadien afin que des représentants autorisés de Terre-Neuve puissent se rendre à Ottawa en vue de négocier les conditions définitives de l'union en conformité des déclarations déjà publiées. Terre-Neuve sera représentée dans ces négociations par sept délégués désignés par Son Excellence et qui auront le concours des fonctionnaires et des conseillers dont les services seront jugés nécessaires."

(Déclaration publiée le 30 juillet 1948 par le Gouvernement de Terre-Neuve, voir Annexe VIC.)

PROCÉDURE

Il a été constitué au besoin divers sous-comités des représentants et des fonctionnaires du Canada et de Terre-Neuve, dont les plus importants sont les suivants:

(a) Sous-comité de rédaction: L'honorable Joseph Jean, solliciteur général du Canada (président); M. Walter Harris, M.P., adjoint parlementaire au Premier ministre; l'honorable A. J. Walsh; M. F. G. Bradley; M. J. B. McEvoy.

Le sous-comité était secondé par M. F. P. Varcoe, C.R., sous-ministre de la Justice, M. Charles Stein, M. Driedger, M. C. J. Burchell, ainsi que par M. H. G. Puddester et M. V. C. MacDonald pour le compte de Terre-Neuve.

(b) Sous-comité des finances: L'honorable D. C. Abbott (président); l'honorable A. J. Walsh; M. P. Gruchy.

Le sous-comité était secondé par: M. W. C. Clark, sous-ministre des Finances, M. M. W. Sharp et autres fonctionnaires des ministères des Finances, du Revenu national, du Commerce, et de la Banque du Canada, ainsi que par M. M. W. Marshall et M. J. C. Thompson, conseillers de Terre-Neuve.

(c) Sous-comité des pêcheries: L'honorable R. W. Mayhew, ministre des Pêcheries (président); l'honorable M. F. Gregg, ministre des Affaires des anciens combattants, et tous les membres de la délégation de Terre-Neuve.

Les sous-comité était secondé par: M. Stewart Bates, sous-ministre des Pêcheries et autres fonctionnaires des ministères des Pêcheries, des Finances, du Commerce et de la Justice; pour le compte de Terre-Neuve, par M. R. Gushue, président de la Commission des pêcheries de Terre-Neuve, M. H. G. Puddester et M. V. C. MacDonald (conseiller).

(d) Sous-comité des transports: L'honorable Lionel Chevrier, ministre des Transports (président); l'honorable A. J. Walsh; M. P. Gruchy et M. F. G. Bradley.

Le sous-comité était secondé par: M. J.-C. Lessard, sous-ministre des Transports, le lieutenant-commander C. P. Edwards, sous-ministre des [Transports pour] Services de l'air; divers membres de la Commission maritime canadienne, de la Commission des Transports et de la Commission des ports nationaux et des fonctionnaires du ministère des Transports et des Chemins de fer nationaux du Canada; pour le compte de Terre-Neuve, par M. W. S. Roddis, secrétaire des Postes et Télégraphes, le capitaine M. G. Dalton, surintendant de la Marine, M. H. J. Russell, directeur général du chemin de fer de Terre-Neuve, et autres fonctionnaires des Travaux publics de Terre-Neuve et du chemin de fer de Terre-Neuve.

(e) Sous-comité des affaires des anciens combattants: L'honorable M. F. Gregg, ministre des Affaires des anciens combattants (président); l'honorable A. J. Walsh, M. F. G. Bradley, M. C. A. Crosbie, M. P. Gruchy, M. J. R. Smallwood et M. G. A. Winter.

Le sous-comité était secondé par: M. W. S. Woods, sous-ministre des Affaires des anciens combattants; le brigadier J. L. Melville, président de la Commission canadienne des pensions; et divers fonctionnaires des ministères des Affaires des anciens combattants et des Finances.

Le Comité a permis à la Légion canadienne et à l'Association des anciens combattants de la Grande Guerre de Terre-Neuve de se faire entendre au cours des négociations.

SÉANCE DE CLÔTURE

Les négociations entre la délégation de Terre-Neuve et le comité du Cabinet furent conclues formellement lors d'une réunion publique tenue le samedi 11 décembre 1948, à midi, dans l'enceinte du Sénat.

Les conditions de l'union furent signées au nom du Canada par le Premier ministre et le secrétaire d'État suppléant aux Affaires extérieures en vertu de l'arrêté en conseil C.P. 5772, du 10 décembre 1948 (annexe 8), et par les membres suivants de la délégation de Terre-Neuve:

L'honorable A.J. Walsh
M. F.G. Bradley
M. P. Gruchy
M. J.B. McEvoy
M. J.R. Smallwood
M. G.A. Winter

L'encrier qui servit à la signature de l'accord était le même qu'avaient employé les Pères de la Confédération en 1864 et plus tard, en 1943, à la Conférence de Québec, M. King, M. Roosevelt et M. Churchill.

Le Premier ministre signa aussi un mémoire adressé au président de la délégation de Terre-Neuve au sujet des questions soulevées au cours des entretiens par la délégation de Terre-Neuve. Le mémoire ne fait pas partie des conditions de l'Union mais il renferme des précisions sur la politique que le Gouvernement entend suivre ainsi que certaines dispositions administratives destinées à faciliter l'union.

La cérémonie se termina par des allocutions du Premier ministre et du président de la délégation de Terre-Neuve, dont le texte est reproduit en annexe au présent document.

SÉANCE PLÉNIÈRE DE CLÔTURE DES NÉGOCIATIONS ENTRE LA DÉLÉGATION DE TERRE-NEUVE ET LES REPRÉSENTANTS DU GOUVERNEMENT CANADIEN (11 DÉCEMBRE 1948)

Discours du très honorable Louis S. St-Laurent, Premier ministre du Canada

(Traduction)

Monsieur Walsh,

Messieurs,

Depuis deux mois, la délégation officielle de Terre-Neuve et les représentants du Gouvernement canadien étudient dans le détail les conditions qui régiront l'entrée de Terre-Neuve dans la Confédération. Tous conviendront, j'en suis sûr, que la bonne entente et la bienveillance ont présidé à nos pourparlers. Les représentants du Gouvernement canadien se sont efforcés de bien comprendre la position et l'attitude des délégués de Terre-Neuve, de leur fournir tous les renseignements voulus et, en général, de faciliter les négociations. Je veux croire que nous y avons réussi. J'ai conscience de parler au nom de tous les Canadiens qui ont participé à nos entretiens en disant aux délégués de Terre-Neuve combien nous prisons leur largeur de vues et leur esprit de collaboration.

Je crois traduire le sentiment des délégués de Terre-Neuve et celui de mes collègues en remerciant les hauts fonctionnaires des deux groupes et leurs personnels du travail soutenu et fructueux qu'ils ont accompli au cours de ces négociations difficiles et compliquées.

Nous savons tous qu'il n'a pas été facile de déterminer les conditions précises de l'union. Il convient peut-être de rappeler ici où nous en étions le 6 octobre, lorsque commencèrent nos travaux. Il a fallu du temps et de l'étude pour trouver la formule juste et équitable selon laquelle Terre-Neuve pourrait entrer dans la Confédération. En 1947, une délégation de la Convention nationale de Terre-Neuve passait quatre mois dans notre capitale à étudier la question avec un comité du cabinet canadien. Après quoi, M. Mackenzie King exposait au gouverneur de Terre-Neuve les conditions générales d'union que le Gouvernement canadien était disposé à soumettre au Parlement. Par la suite, la population de Terre-Neuve a eu la faculté de décider, de manière démocratique, si, à ces conditions, elle souhaitait que Terre-Neuve entrât dans la fédération canadienne. Lorsque, par un referendum tenu le 22 juillet 1948, la majorité de la population de Terre-Neuve eut exprimé le désir d'entrer dans la Confédération, M. King déclara que le Gouvernement canadien serait heureux de recevoir des représentants autorisés de Terre-Neuve afin de déterminer quelles seraient les conditions précises d'un accord d'union. L'accord est maintenant conclu et, comme M. King l'a indiqué, il reste désormais, en ce qui nous concerne, à le soumettre à l'approbation du Parlement; il devra aussi être approuvé par le Gouvernement de Terre-Neuve et confirmé par un Acte du Parlement britannique.

Cet accord est le fruit d'études longues et minutieuses. Chacun de leur côté, Terre-Neuviens et Canadiens se sont efforcés de protéger les intérêts de ceux qu'ils représentaient. Heureusement, nous avons beaucoup moins songé aux avantages particuliers de chacun des deux pays qu'à nos communs intérêts au sein d'une nation agrandie. Certes, nous nous sommes heurtés à des difficultés,

mais, comme disait un jour D'Arcy McGee au sujet des objections soulevées contre la Confédération, "Je ne connais pas d'État qui ait pu se constituer, s'agrandir ou se prémunir contre le danger, sans avoir de difficultés à surmonter."

A maints égards, nos problèmes étaient plus grands et plus complexes que ceux qui se posaient en 1867 aux Pères de la Confédération. A cette époque, l'administration du pays était beaucoup plus simple. Les économies des colonies britanniques de l'Amérique du Nord se ressemblaient beaucoup plus alors que celles de Terre-Neuve et du Canada aujourd'hui. Depuis 1867, nos deux pays ont suivi chacun leur voie. Ils ne se sont pas développés dans le même sens; ils ont édifié des régimes administratifs fort différents. Le mariage entre gens qui ont atteint la maturité exige un plus grand effort d'adaptation, plus de tolérance pour les particularités de caractère de chacun qu'entre personnes plus jeunes qui vont assumer les grandes responsabilités de la vie. Il en est de même de l'union entre pays d'âge mûr. J'estime que nous avons lieu de nous féliciter de n'avoir pas pris plus de temps pour surmonter ces difficultés.

Nous avons fini par nous entendre et voilà signées les conditions de l'entrée de Terre-Neuve dans la Confédération. Nous comptons que, le 31 mars 1949, l'union sera un fait accompli. Ce jour-là, je l'espère de tout coeur, nous récolterons les fruits de nos efforts. Certains détails de l'accord ne rallieront peut-être pas tous les suffrages, mais je prie ceux qui auraient des réserves à faire de penser au bien général qui découlera de cet événement historique.

J'ai le ferme espoir — et la conviction aussi — que l'immense majorité de la population du Canada actuel et de Terre-Neuve reconnaîtra toujours la justice et la sagesse des conditions de l'union.

L'entrée de Terre-Neuve dans la Confédération sera, j'en ai la certitude, à l'avantage des deux parties en cause. Lorsque s'élaboraient, il y a plus de 81 ans, les plans d'union des colonies britanniques de l'Amérique du Nord, beaucoup de ceux qui favorisaient l'union songeaient aux problèmes de défense et de sécurité. Au cours de deux guerres, le Canada et Terre-Neuve ont étroitement collaboré à leur défense commune et à la victoire. Aujourd'hui encore, la question de la défense et de la sécurité nous préoccupe vivement. Je crois que nous, Canadiens, et vous, Terre-Neuviens, nous nous sentirons plus en sécurité dans ce monde bouleversé lorsque Terre-Neuve sera devenue la dixième province du Canada.

L'union rapprochera davantage nos deux peuples. Telle en sera la conséquence la plus importante. Nous avons déjà bien des choses en commun. Nous jouissons du même patrimoine. Nous avons les mêmes traditions politiques. Nous ne nous considérons certes pas les uns les autres comme des étrangers. Nous pourrons désormais cultiver pleinement nos anciennes relations et en nouer de nouvelles. Comme le disait M. Bradley lorsque la délégation de la Convention nationale est venue à Ottawa, en juin 1947, "si Terre-Neuve devient la dixième province de votre Union canadienne, vous aurez pour associé un peuple fier, soucieux et résolu de porter généreusement sa part du fardeau." Les Canadiens aussi sont "soucieux et résolus de porter généreusement leur part du fardeau."

Le Canada a pris un essor extraordinaire dans les quatre-vingt-un ans qui se sont écoulés depuis que les quatre provinces primitives s'unirent pour former la Confédération (1er juillet 1867). Nous sommes un peuple uni. Notre puissance,

sur le plan tant économique que physique, s'est multipliée. Nous sommes prospères. Mais nous n'avons jamais cessé de travailler à améliorer notre sort, à doter notre population d'une mesure croissante de sécurité et de bien-être. Dans la Confédération, les Terre-Neuviens partageront tous les avantages dont jouit actuellement le peuple canadien dont ils feront alors partie.

(Texte)

Je tiens à dire un mot du caractère essentiel de la nation canadienne. Et pour mieux souligner ce caractère essentiel, je m'exprime maintenant en français. Notre nation, dont vous êtes à la veille de faire partie, repose sur l'association, sur un pied d'égalité, des deux grandes races qui sont si intimement mêlées à l'histoire de Terre-Neuve aussi bien qu'à celle du Canada. Notre pays a deux langues officielles et deux cultures qui, bien que distinctes, ont des affinités étroites. Mais nous ne formons qu'un seul peuple. Nous sommes heureux de vous recevoir, vous de Terre-Neuve, dans cette nation. Nous sommes convaincus que vous travaillerez avec nous à maintenir ce caractère distinctif de la nation canadienne, dont sir John A. Macdonald disait, peu avant la fin de sa vie, il y a près de soixante ans: "Nous avons maintenant une constitution qui place tous les sujets britanniques sur un pied d'égalité absolue, qui leur reconnaît des droits égaux dans tous les domaines: langue, religion, propriété et personne. Il n'existe pas de race supérieure dans ce pays; il n'existe pas non plus de race vaincue."

Aujourd'hui, nous sommes plus enclins à parler de citoyens canadiens que de sujets britanniques, mais l'idéal reste le même. La tolérance mutuelle et l'égalité des associés sont et demeureront les fondements de notre nation.

(Traduction)

La signature de l'accord aux termes duquel Terre-Neuve deviendra l'une des provinces de la nation canadienne marque la conclusion, l'heureuse conclusion de nos travaux. Mais, à un point de vue différent et beaucoup plus important, notre tâche commune ne fait que commencer. Aucune nation ne peut demeurer stationnaire. Notre présence ici en est la preuve. Terre-Neuve a évolué avec le temps et subi l'influence de nouveaux facteurs dans sa vie politique et économique. Le Canada a, lui aussi, évolué et progressé. Sir Frederick Carter, l'un des Pères du projet primitif de l'entrée de Terre-Neuve dans la Confédération, a dit un jour du Canada: "A mesure que vous avancez, nous devons avancer aussi." L'entrée de Terre-Neuve dans la Confédération assurera et accroîtra l'unité et la prospérité de la moitié septentrionale de notre continent.

Messieurs, j'ai foi en notre avenir commun. Mes collègues du cabinet et moi sommes heureux et fiers de l'occasion que nous avons eue de travailler avec vous. Nous — et avec nous tous les Canadiens — attendons beaucoup de cette dernière grande étape dans la voie de la confédération. Nous avons le sentiment qu'ils nous a été donné de parfaire l'édifice d'une grande et puissante union.

Réponse de l'honorable A.J. Walsh,
Président de la délégation de Terre-Neuve

Monsieur le Premier Ministre,

Messieurs les Membres du Comité du Gouvernement canadien,

Depuis plus de deux mois, les représentants de Terre-Neuve confèrent avec vous sur les nombreux problèmes financiers, économiques, administratifs et con-

stitutionnels que soulève l'union de Terre-Neuve et du Canada ou qui surgiront en conséquence de cette union. Ensemble, nous nous sommes efforcés d'élaborer un arrangement entre nos deux pays qui favorisera et protégera les intérêts de chacun.

Les conditions d'union que nous venons de signer au nom de nos Gouvernements renferment un accord en matière financière, économique et constitutionnelle et, avec l'Acte de l'Amérique du Nord britannique, serviront de pierre d'assise à l'édifice constitutionnel de la nouvelle province projetée. Un autre document, moins imposant certes, mais d'un non moindre intérêt pratique, a trait en majeure partie à des questions administratives et consigne à ce sujet la politique gouvernementale qui s'appliquera à Terre-Neuve au cours de la période qui suivra immédiatement l'union.

Les principes constitutionnels qui s'appliquent à ce système fédéral de gouvernement furent élaborés avant 1867 par les Pères de la Confédération et appliqués aux quatre provinces originaires, lesquelles s'unirent pour former un seul Dominion, appelé Canada; ces principes furent appliqués aussi, sans modifications ou à peine modifiés, aux provinces admises par la suite dans l'union. Il ne nous a pas été nécessaire de nous attarder longtemps aux questions d'ordre constitutionnel, sauf pour déterminer le mécanisme gouvernemental de la province, en raison de la présente situation constitutionnelle de Terre-Neuve.

Cependant, depuis 1867, Terre-Neuve s'est grandement développée et son économie s'est fort élargie. Les Terre-Neuviens compteront sur l'économie de la nouvelle province pour subsister, eux et leurs familles; il nous a donc fallu, lors des négociations, examiner très attentivement les questions économiques afin d'instaurer des conditions qui assureront une prospérité raisonnable aux industries de Terre-Neuve.

Il incombera au gouvernement de la province de fournir les principaux services publics, indispensables au bien-être de la population. De même qu'en d'autres occasions analogues, des questions financières d'une grande importance pour la province ont été soulevées durant les entretiens. Après une étude minutieuse et prolongée des services existants de Terre-Neuve, de ce que coûteraient les services nécessaires (compte tenu de l'éparpillement de la population), des méthodes actuelles de perception des revenus publics, et des sources de revenus auxquelles les provinces ont accès, l'accord s'est fait sur chacune de ces importantes questions.

A maints égards, et pour des raisons diverses, la politique terre-neuvienne, notamment en ce qui concerne la réglementation du commerce et l'encouragement de l'industrie, a différé jusqu'ici de la politique canadienne; des dispositions ont été prises à l'égard d'un grand nombre de cas relevant de ces domaines et présentant un caractère d'importance pour Terre-Neuve.

Nos entretiens ont donc porté sur toute une gamme de sujets, car il ne fait aucun doute que l'union entraînera pour Terre-Neuve de multiples et importants changements d'orientation. Plusieurs de ces questions furent discutées en 1947 par le Comité de la Convention nationale qui examina, avec les représentants de votre Gouvernement, la possibilité de trouver une base d'union juste et équitable avec le Canada. Les arrangements proposés à la Convention nationale après ces

entretiens firent l'objet d'un débat au sein de la Convention, puis furent présentés au peuple, qui, en juillet dernier, lors d'un referendum, vota à la majorité en faveur de l'union avec le Canada. En conformité de la promesse que le Gouvernement du Royaume-Uni avait faite à la population avant le referendum, notre délégation a été désignée pour discuter et arrêter en détail les conditions de l'union. En signant aujourd'hui ces conditions, nous savons, en tant que représentants de Terre-Neuve, qu'elles répondent mieux encore aux besoins de la nouvelle province projetée que n'y répondaient les conditions proposées au peuple lors du referendum, et nous sommes d'avis qu'elles assureront au gouvernement provincial une période de stabilité financière.

La signature de ce document est un événement d'une grande importance historique. Les dispositions de cet instrument constitutionnel seront probablement examinées et interprétées en de nombreuses occasions par les tribunaux; ses clauses d'ordre financier donneront probablement lieu à de nombreuses réclamations et contre-réclamations. Mais sa principale importance réside en ce qu'il consigne un accord, entre les représentants des deux pays, en vertu duquel ces derniers s'unissent en un seul pays dont la population jouira d'une citoyenneté commune et progressera de concert, dans la force de l'unité, vers un avenir qu'elle envisage avec confiance. La cérémonie de ce jour revêt une importance particulière du fait de l'insuccès des tentatives antérieures, à la suite desquelles Terre-Neuve était restée seule, à la frange d'un grand pays qui croissait et en dimensions et en importance. La cérémonie d'aujourd'hui marque une étape nécessaire et importante dans la réalisation finale du rêve des Pères de la Confédération, qui avaient souhaité de voir une nouvelle et grande nation occupant toute la moitié septentrionale du continent. Le 31 mars prochain, une fois obtenues l'approbation de votre Parlement et celle du Gouvernement de Terre-Neuve, ainsi que la confirmation du Gouvernement du Royaume-Uni, ce rêve sera intégralement réalisé.

L'union entraînera des changements pour beaucoup d'habitants de Terre-Neuve. Grâce à l'union, un grand nombre d'entre eux entrevoient avec confiance un magnifique avenir; un grand nombre, d'autre part, considèrent plutôt que les destinées de Terre-Neuve seraient mieux assurées par la population même de Terre-Neuve, constituée en entité distincte parmi les nations. Comme dans le cas de bien d'autres accords de ce genre, le résultat tiendra pour une large part à la volonté de succès des deux parties. La population de Terre-Neuve retirera de cette union, sans aucun doute, de sensibles bénéfices; elle contribuera aussi dans une grande mesure au développement du Canada.

Nous sommes fiers, nous, les représentants de Terre-Neuve, de participer à cet événement mémorable. Nous pouvons vous assurer que Terre-Neuve et ses habitants joueront leur rôle dans la vie canadienne, et nous avons confiance dans le désir évident de votre Gouvernement et de votre population de voir notre pays et notre peuple trouver leur place dans cette grande union en tout bonheur et toute prospérité.

Appendice I/Appendix I

TABLEAU COMPARATIF DES ESTIMATIONS DU CANADA ET DE TERRE-NEUVE DES RECETTES FÉDÉRALES SUPPLÉMENTAIRES QUI RÉSULTERAIENT DE L'INCORPORATION DE TERRE-NEUVE AU CANADA[32]

COMPARATIVE TABLE OF CANADIAN AND NEWFOUNDLAND ESTIMATES OF ADDITIONAL FEDERAL REVENUES THAT WOULD ARISE AS A RESULT OF THE INCLUSION OF NEWFOUNDLAND WITHIN CANADA[32]

Sources de revenus	Estimation canadienne primitive, Livre blanc du 29 octobre 1947	Estimation de Terre-Neuve
Impôt sur le revenu des particuliers	$3,200,000	$6,183,000
Impôt sur le revenu des corporations, y compris la retenue d'impôts	7,500,000	7,500,000
Droits successoraux	320,000	100,000
Droits de douane et d'importation	2,000,000	3,415,000
Taxes sur les boissons alcooliques	400,000	602,000
Taxes sur le tabac	500,000	2,857,000
Taxe générale de vente	4,000,000	4,000,000
Divers droits d'exportation, etc.	1,500,000	1,500,000
Service postal	750,000	750,000
Monnaie métallique, pièces de monnaie, etc.	15,000	15,000
	$20,185,000	$26,922,000

[32] Voir le document 864.

[32] See Document 864.

Heads of Revenue	Original Canadian estimate as in white paper October 29, 1947	Newfoundland estimate
Personal income tax	$3,200,000	$6,183,000
Corporation income tax including withholding tax	7,500,000	7,500,000
Succession duties	320,000	100,000
Customs and import duties	2,000,000	3,415,000
Liquor taxes	400,000	602,000
Tobacco taxes	500,000	2,857,000
General sales tax	4,000,000	4,000,000
Miscellaneous excise duties, etc.	1,500,000	1,500,000
Post office	750,000	750,000
Bullion, coin, etc.	15,000	15,000
	$20,185,000	$26,922,000

Appendice J/Appendix J

TABLEAU COMPARATIF DES ESTIMATIONS DU COÛT DE L'EXTENSION DES SERVICES FÉDÉRAUX À TERRE-NEUVE POUR UNE ANNÉE CARACTÉRISTIQUE ET POUR L'ANNÉE FISCALE 1949-1950[33]

COMPARATIVE TABLE OF COST OF EXTENDING FEDERAL SERVICES TO NEWFOUNDLAND FOR A TYPICAL YEAR AND FOR FISCAL YEAR 1949-1950[33]

Éléments de frais	Estimation primitive pour une année caractéristique	Estimation pour l'année fiscale 1949-1950
1. Paiement sous le régime de l'entente fiscale (y compris les subventions statutaires)	$6,820,000	7,800,000
2. Pension de vieillesse	de 2,000,000 à 2,600,000	2,700,000
3. Allocations familiales	8,350,000	8,400,000
4. Dépenses des ministères	9,400,000	22,000,000[34]
	de $26,570,000 à $27,150,000	$40,900,000

Supplément

Subvention transitionnelle	$3,500,000	$6,500,000
Service de la dette	2,800,000	2,800,000
		$50,200,000

Raisons principales de l'augmentation:

Prestations accrues aux anciens combattants	$1,500,000
Subventions d'hygiène publique	1,000,000
Augmentation des paiements sous le régime de l'entente fiscale	1,000,000
Travaux publics (achats d'immeubles, aménagements portuaires, entretient, nouvelles constructions, etc.)	7,500,000
Assistance-chômage	2,000,000
Subventions transitionnelles	3,000,000

[33] Voir le document 864. [33] See Document 864.

[34] La note suivante était dans l'original: (y compris les immobilisations et les frais exceptionnels)

Heads of expenditure	Original estimate for a typical year	Estimate for fiscal year 1949-50
1. Tax agreement payment (including statutory subsidies)	$6,820,000	$7,800,000
2. Old age pensions	2,000,000 to 2,600,000	2,700,000
3. Family allowance payments	8,350,000	8,400,000
4. Departmental expenditures	9,400,000	22,000,000[35]
	$26,570,000 to 27,150,000	$40,900,000

Additional

Transitional grant	$3,500,000	$6,500,000
Cost of servicing debt	2,800,000	2,800,000
		$50,200,000

Chief reasons for increase:

Increased veterans benefits	$1,500,000
Health grants	1,000,000
Increased tax agreements payments	1,000,000
Public works (purchase of buildings, harbour installations, maintenance, new construction, etc.)	7,500,000
Unemployment assistance	2,000,000
Transitional grants	3,000,000

[35] The following note was in the original: (including capital and non-recuring items)

APPENDICE K/APPENDIX K

LOI MODIFIANT LE DROIT STATUTAIRE[36]

ACT TO AMEND THE STATUTE LAW[36]

13 GEORGE VI.

CHAP. 6

An Act to amend the Statute Law.

[Assented to 25th March, 1949.]

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

SHORT TITLE.

1. This Act may be cited as *The Statute Law Amendment (Newfoundland) Act.*

INTERPRETATION ACT.

2. Paragraph twenty-six of section thirty-seven of the *Interpretation Act*, chapter one of the Revised Statutes of Canada, 1927, is amended by adding thereto the following subparagraph:

"(ff) in the province of Newfoundland, the Supreme Court of Newfoundland;"

SAVINGS BANKS ACT.

3. Subsection two of section eight of the *Savings Banks Act*, chapter fifteen of the Revised Statutes of Canada, 1927, is repealed and the following substituted therefor:

"(2) In order to allow a reasonable time for the receipt of the acknowledgment, the entry by the proper officer in the depositor's book shall also be conclusive evidence of the title, as respects a deposit made in any part of Canada other than the province of British Columbia, Saskatchewan, Alberta or Newfoundland, or the Northwest or Yukon Territories, for ten days from the making of the deposit, and as respects a deposit made in the province of British Columbia, Saskatchewan, Alberta or Newfoundland, or the Northwest or Yukon Territories, for eighteen days from the making of the deposit."

BOARDS OF TRADE ACT.

4. (1) Paragraph (a) of section two of the *Boards of Trade Act*, chapter nineteen of the Revised Statutes of Canada, 1927, is repealed and the following substituted therefor:

"(a) 'board of trade' includes chamber of commerce, and, for the purposes of the appointment of weighers of grain under the provisions of this Act, means any board of trade or chamber of commerce incorporated under the provisions of any Act of the Parliament of Canada, or of the legislature of the late province of Canada, or of the legislature of any province of Canada;"

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[36] Le texte français commence à la page 2034. Les mots entre crochets étaient dans l'original.

[36] Words within square brackets were in original.

(2) Subparagraph (ii) of paragraph (c) of section two of the said Act is repealed and the following substituted therefor:

"(ii) in the provinces of Saskatchewan, Alberta and Newfoundland, also any electoral district, as constituted for elections to the legislative assembly for either of the said provinces, within and for which a board of trade is established;"

(3) Section forty-eight of the said Act is repealed and the following substituted therefor:

"48. Any existing board of trade heretofore incorporated by or under any Act of the Parliament of Canada, or any Act of the legislature of the former province of Canada, or of any province of Canada, may apply under the provisions of this Part for establishing such board of trade under the provisions of this Part."

CIVIL SERVICE ACT.

5. (1) Subparagraphs (ii) to (v) of paragraph (g) of section two of the *Civil Service Act*, chapter twenty-two of the Revised Statutes of Canada, 1927, as enacted by section one of chapter fifty-three of the statutes of 1947, are repealed and the following substituted therefor:

"(ii) during World War II was on active service

(A) in the naval, military or air forces of His Majesty or any of His Majesty's Allies and at the commencement of his active service was domiciled in Canada or Newfoundland, or

(B) in the naval, military or air forces of Canada, and, not being domiciled in Canada at the commencement of his active service, is a Canadian Citizen,

and who, in the course of such service, performed duties outside of the Western Hemisphere, or on the high seas in a ship or other vessel service in which was, at the time he performed those duties, classed as 'sea time' for the purpose of the advancement of naval ratings, or which would have been so classed had the ship or other vessel been in the service of the naval forces of Canada;

(iii) during World War II served as a member of the Women's Royal Naval Services or as a member of the South African Military Nursing Service outside of the Western Hemisphere and who, at the commencement of her service during World War II, was domiciled in Canada or Newfoundland;

(iv) has been certified by the Under-Secretary of State for External Affairs as having been enrolled in Canada or Newfoundland by United Kingdom authorities for special duty during World War II in war areas outside of the Western Hemisphere, and who served outside of the Western Hemisphere, and at the time of his enrolment was domiciled in Canada or Newfoundland;

(v) during World War II served outside of the Western Hemisphere with the naval, military or air forces of His Majesty raised in Canada or Newfoundland as a representative of Canadian Legion War Services Inc., The National Council of the Young Men's Christian Associations of Canada, Knights of Columbus Canadian Army Huts, or Salvation Army Canadian War Services, and who was authorized so to serve by the appropriate naval, military or air force authority and who, at the commencement of his service with those forces during World War II, was domiciled in Canada or Newfoundland;"

(2) Subparagraph (ii) of paragraph (a) of subsection two of section twenty-nine of the said Act, as enacted by chapter fifty-three of the statutes of 1947, is repealed and the following substituted therefor:

"(ii) by reason of their service only in World War II, and who at the commencement of such service were domiciled in Canada or Newfoundland,"

(3) Subsection one of section thirty-three of the said Act, as enacted by chapter forty of the statutes of 1932, is repealed and the following substituted therefor:

"33. (1) No person shall, without the authority of the Governor in Council, be admitted to any examination unless he is a natural born or naturalized British subject, and also has been a resident of Canada or Newfoundland for at least five years."

CIVIL SERVICE SUPERANNUATION ACT.

6. The *Civil Service Superannuation Act*, chapter twenty-four of the Revised Statutes of Canada, 1927, is amended by adding thereto, immediately after section eleven F thereof, the following section:

"11G. (1) This section applies in respect of a person who was an employee of the Government of Newfoundland in a service that has been taken over by Canada pursuant to the Terms of Union of Newfoundland with Canada and who became an employee of the Government of Canada pursuant to an offer of employment made in accordance with the Terms of Union.

(2) The Governor in Council, on the recommendation of the Treasury Board, may

(a) make regulations to give effect to the Terms of Union of Newfoundland with Canada with respect to persons to whom this section applies or to make applicable to them the provisions of this Act, *mutatis mutandis*, in a like manner as if their employment with the Government of Newfoundland had been employment with the Government of Canada; or

(b) direct that an allowance or gratuity be paid under this Act to a person to whom this section applies where such an allowance or gratuity is payable in accordance with the Terms of Union of Newfoundland with Canada and fix the amount thereof.

(3) Any amount payable to a person to whom this section applies pursuant to this section shall be charged against the Superannuation Account in the Consolidated Revenue Fund, and any amount paid by the Government of Newfoundland to the Government of Canada pursuant to the Terms of Union of Newfoundland with Canada by way of reimbursement for pensions to or as contributions in respect of persons to whom this section applies shall be credited to the Superannuation Account in the Consolidated Revenue Fund."

CURRENCY ACT.

7. The *Currency Act*, chapter forty of the Revised Statutes of Canada, 1927, is amended by adding thereto, immediately after section eleven thereof, the following section:

"11A. (1) Notwithstanding anything in this Act, the gold, silver, copper, bronze or other metal coins struck by authority of the Crown for circulation in

Newfoundland on or before the thirty-first day of March, nineteen hundred and forty-nine, shall pass current at their nominal value and shall be deemed to be coins made pursuant to the authority of this Act.

(2) All sums of money payable on or after the first day of April, nineteen hundred and forty-nine, under any Act or law in force in Newfoundland passed before that day or under any obligations incurred before that day and which were intended to be and if Newfoundland had not become a province of Canada would have been payable in the currency of Newfoundland shall on and after that day be represented and payable by equal sums in the currency of Canada."

CUSTOMS ACT.

8. Paragraph (j) of section two hundred and eighty-four of the *Customs Act*, chapter forty-two of the Revised Statutes of Canada, 1927, is repealed.

CUSTOMS AND FISHERIES PROTECTION ACT.

9. Subsection one of section three of the *Customs and Fisheries Protection Act*, chapter forty-three of the Revised Statutes of Canada, 1927, is repealed and the following substituted therefor:

"3. (1) The Governor in Council may, from time to time, authorize the issue of licences to

(a) United States fishing vessels, enabling them to enter any port on the Atlantic coast of Canada, and

(b) any fishing vessels, enabling them to enter any port in the province of Newfoundland, during the periods mentioned in such licences, for the purposes of

(c) the purchase of bait, ice, seines, lines and all other supplies and outfits; and

(d) the transhipment of catch, and the shipping of crews."

CUSTOMS TARIFF.

10. Section eight of the *Customs Tariff*, chapter forty-four of the Revised Statutes of Canada, 1927, is repealed.

DOMINION CONTROVERTED ELECTIONS ACT.

11. Paragraph (d) of subsection one of section two of the *Dominion Controverted Elections Act*, chapter fifty of the Revised Statutes of Canada, 1927, is amended by adding thereto, immediately after subparagraph (ix) thereof, the following paragraph:

"(ixa) In the province of Newfoundland, the Supreme Court of Newfoundland;"

EXPERIMENTAL FARM STATIONS ACT.

12. Subsection one of section three of the *Experimental Farm Stations Act*, chapter sixty-one of the Revised Statutes of Canada, 1927, is amended by adding thereto the following paragraph:

"(f) the province of Newfoundland."

MARITIME FREIGHT RATES ACT.

13. (1) Subject to this section, the *Maritime Freight Rates Act*, chapter seventy-nine of the Revised Statutes of Canada, 1927, applies *mutatis mutandis* to

all lines of railway in the Island of Newfoundland that are subject to the legislative authority of the Parliament of Canada.

(2) For the purposes of the said Act the lines of railway situated within the Island of Newfoundland, including the steamship services between Port aux Basques and North Sydney, that are entrusted to the Canadian National Railways Company for management and operation shall from the date of and during the period of such entrustment be deemed to be included in the lines of railway collectively designated as the "Eastern lines," the Island of Newfoundland shall be deemed to be included in the expression "select territory" and through traffic moving by water between Port aux Basques and North Sydney shall be treated as all-rail traffic.

(3) Upon entrustment to Canadian National Railways Company of the lines of railway mentioned in subsection two, Canadian National Railways Company shall forthwith file with The Board of Transport Commissioners for Canada tariffs of tolls applicable to the carriage of traffic within, to and from the Island of Newfoundland and such tariffs, in so far as preferred movements are concerned, shall comply as far as appropriate with the provisions of the said Act.

(4) Notwithstanding the provisions of sections three hundred and thirty, three hundred and thirty-one, three hundred and thirty-four and three hundred and thirty-five of the *Railway Act*, the tariffs initially filed under subsection three shall be effective from the date of entrustment.

FUGITIVE OFFENDERS ACT.

14. Paragraph (a) of section two of the *Fugitive Offenders Act*, chapter eighty-one of the Revised Statutes of Canada, 1927, is amended by adding thereto, immediately after the words "the Supreme Court of Alberta" the following:

"in the province of Newfoundland, the Supreme Court of Newfoundland,"

IMMIGRATION ACT.

15. For the purposes of the *Immigration Act*, chapter ninety-three of the Revised Statutes of Canada, 1927, domicile in Newfoundland prior to the first day of April, nineteen hundred and forty-nine, shall be deemed to be domicile in Canada, and the expressions "land" and "enter" include lawful admission into Newfoundland under the laws of Newfoundland.

LEPROSY ACT.

16. Paragraph (c) of section eleven of the *Leprosy Act*, chapter one hundred and nineteen of the Revised Statutes of Canada, 1927, is repealed and the following substituted therefor:

"(c) In the province of Saskatchewan, Alberta or Newfoundland, before a judge of a superior court;"

LIVE STOCK SHIPPING ACT.

17. Paragraph (e) of section two of the *Live Stock Shipping Act*, chapter one hundred and twenty-two of the Revised Statutes of Canada, 1927, is repealed and the following substituted therefor:

"(e) 'ship carrying live stock' means any ship employed in carrying live stock from any port or place in Canada to any port or place out of Canada, not being a

port or place in the United States of America, St. Pierre or Miquelon, Bermuda, the West Indian Islands, Mexico, or South America."

MILITIA PENSION ACT.

18. Section fifty-three of the *Militia Pension Act*, chapter one hundred and thirty-three of the Revised Statutes of Canada, 1927, is amended by adding thereto, immediately after paragraph (g) thereof, the following paragraph:

"(gg) providing that service in any of the forces of Newfoundland and service prior to the first day of April, nineteen hundred and forty-nine, with the Government of Newfoundland may be included for the purpose of making contributions and of computing pensions, allowances and gratuities under this Act;"

OLD AGE PENSIONS ACT.

19. For the purposes of the *Old Age Pensions Act*, chapter one hundred and fifty-six of the Revised Statutes of Canada, 1927, residence and presence in Newfoundland shall respectively be deemed to be residence and presence in Canada.

PENSION ACT

20. (1) For the purposes of sections forty-five, forty-six and forty-six A of the *Pension Act*, chapter one hundred and fifty-seven of the Revised Statutes of Canada, 1927, domicile in Newfoundland shall be deemed to be domicile in Canada.

(2) A member of the naval or military forces of Newfoundland in World War I or World War II shall be deemed to be a member of the forces for the purposes of section eleven of the *Pension Act*.

(3) A British subject resident and domiciled in Newfoundland at the time of enlistment who served in the naval, military or air forces of His Majesty or in any of the naval, military or air forces of any of the countries allied with His Majesty during World War II shall be deemed to be a member of the forces for the purposes of section eleven of the *Pension Act*, if the disability in respect of which the application for pension is made is not pensionable by virtue of subsection one or two of this section.

ROYAL CANADIAN MOUNTED POLICE ACT.

21. Subparagraphs (i) and (ii) of paragraph (j) of subsection one of section ninety-one of the *Royal Canadian Mounted Police Act*, chapter one hundred and sixty of the Revised Statutes of Canada, 1927, as enacted by section ten of chapter twenty-eight of the statutes of 1947-48, are repealed and the following substituted therefor:

"(j) 'service' means time served in the Force and includes for the purpose of making contributions under this Part and of computing pensions, allowances or gratuities

(i) time served in the Civil Service or the permanent naval, military or air forces of Canada or Newfoundland;

(ii) time served on active service in the naval, military or air forces of His Majesty raised in Canada or Newfoundland during time of war; and"

Excise Tax Act.

22. (1) Section one hundred and three A of the *Excise Tax Act*, chapter one hundred and seventy-nine of the Revised Statutes of Canada, 1927, does not apply in respect of exported goods in customs bonded or sufferance warehouses in Newfoundland on the first day of April, nineteen hundred and forty-nine, or in transit from Canada to Newfoundland on or before the first day of March, nineteen hundred and forty-nine, for which no entry for consumption in Newfoundland has been passed before the said first day of April.

(2) Paragraph (a) of section thirteen of the said Act, as enacted by section one of chapter fifty-four of the statutes of 1932, is repealed and the following substituted therefor:

"(a) 'British company' means any corporation incorporated under the laws of the United Kingdom of Great Britain and Northern Ireland or any British Dominion or possession other than Canada, Newfoundland or a province of Canada, for the purpose of carrying on the business of insurance, and includes any association of persons formed in the said Kingdom or in any such Dominion or possession on the plan known as Lloyd's whereby each associate underwriter becomes liable for a stated, limited or proportionate part of the whole amount insured by a policy;"

Salaries Act.

23. Section three of the *Salaries Act*, chapter one hundred and eighty-two of the Revised Statutes of Canada, 1927, as enacted by section one of chapter sixty-eight of the statutes of 1947-48, is amended by adding thereto the following:

"The Lieutenant-Governor of Newfoundland . . . 9,000."

Winding-up Act.

24. (1) Paragraph (d) of section two of the *Winding-up Act*, chapter two hundred and thirteen of the Revised Statutes of Canada, 1927, is amended by adding thereto, immediately after subparagraph (ix) thereof, the following subparagraph:

"(ixa) In the province of Newfoundland, the Supreme Court,"

(2) Section six of the said Act is repealed and the following substituted therefor:

"6. This Act applies to all corporations incorporated by or under the authority of an Act of the Parliament of Canada, or by or under the authority of any Act of the late province of Canada, or of the province of Nova Scotia, New Brunswick, British Columbia, Prince Edward Island or Newfoundland, and whose incorporation and the affairs whereof are subject to the legislative authority of the Parliament of Canada; and also to incorporated banks, savings banks, incorporated insurance companies, loan companies having borrowing powers, building societies having a capital stock, and incorporated trading companies doing business in Canada wheresoever incorporated and,

(a) which are insolvent; or

(b) which are in liquidation or in process of being wound up, and, on petition by any of their shareholders or creditors, assignees or liquidators ask to be brought under the provisions of this Act."

THE JUVENILE DELINQUENTS ACT, 1929.

25. Paragraph (j) of section two of *The Juvenile Delinquents Act, 1929,* chapter forty-six of the statutes of 1929, is amended by adding thereto, immediately after the words "Supreme Court of Alberta" the following:

"in the Province of Newfoundland, a Judge of the Supreme Court of Newfoundland;"

THE UNFAIR COMPETITION ACT, 1932.

26. *The Unfair Competition Act, 1932,* chapter thirty-eight of the statutes of 1932, is amended by adding thereto, immediately after section sixty thereof, the following section:

"60A. (1) The registration of a trade mark under the laws of Newfoundland prior to the first day of April, nineteen hundred and forty-nine, shall have the same force and effect in the Province of Newfoundland as if Newfoundland had not become part of Canada, and all rights and privileges acquired under or by virtue thereof may continue to be exercised or enjoyed in the Province of Newfoundland as if Newfoundland had not become part of Canada.

(2) The laws of Newfoundland as they existed immediately prior to the expiration of the thirty-first day of March, nineteen hundred and forty-nine, shall continue to apply in respect of applications for the registration of trade marks under the laws of Newfoundland pending at that time and any trade marks registered under such applications shall, for the purposes of this section, be deemed to have been registered under the laws of Newfoundland prior to the first day of April, nineteen hundred and forty-nine."

THE FISHERIES ACT, 1932.

27. In its application to the coasts of Newfoundland subsection three of section fifty-six of *The Fisheries Act, 1932,* chapter forty-two of the statutes of 1932, shall be construed as if the words "three miles" were substituted for the words "twelve miles."

THE CANADIAN AND BRITISH INSURANCE
COMPANIES ACT, 1932.

28. (1) Paragraph (b) of subsection one of section two of *The Canadian and British Insurance Companies Act, 1932,* chapter forty-six of the statutes of 1932, as enacted by section two of chapter twenty-seven of the statutes of 1934, is repealed and the following substituted therefor:

"(b) 'British company' means any corporation incorporated under the laws of the United Kingdom of Great Britain and Northern Ireland or any British Dominion or possession other than Canada, Newfoundland or a province of Canada, for the purpose of carrying on the business of insurance;"

(2) Paragraphs (l) and (m) of subsection one of section two of the said Act, as re-lettered by section two of chapter twenty-seven of the statutes of 1934, are repealed and the following substituted therefor:

"(l) 'policy in Canada' as regards life insurance, means any policy issued or effected by a company registered under this Act upon the life of any person resident in Canada or Newfoundland at the time such policy was issued or effected; and, as regards fire insurance, means any policy issued or effected by such

a company upon any property within Canada or Newfoundland; and, as regards any other class of insurance, means any policy issued or effected by such a company in the transaction of its business of insurance in Canada or Newfoundland;

(m) 'provincial company' means a company incorporated under the laws of any province of Canada, of Newfoundland or of any former province of British North America now forming part of Canada other than the late Province of Canada for the purpose of carrying on the business of insurance;"

THE FOREIGN INSURANCE COMPANIES ACT, 1932.

29. Paragraph (p) of subsection one of section two of *The Foreign Insurance Companies Act, 1932*, chapter forty-seven of the statutes of 1932, is repealed and the following substituted therefor:

"(p) 'policy in Canada,' as regards life insurance, means any policy issued or effected by a company registered under this Act upon the life of any person resident in Canada or Newfoundland at the time such policy was issued or effected; and, as regards fire insurance, means any policy issued or effected by such a company upon any property within Canada or Newfoundland; and, as regards any other class of insurance, means any policy issued or effected by such a company in the transaction of its business of insurance in Canada or Newfoundland;"

THE COMPANIES' CREDITORS ARRANGEMENT ACT, 1933.

30. Paragraph (a) of section two of *The Companies' Creditors Arrangement Act, 1933*, chapter thirty-six of the statutes of 1932-33, is repealed and the following substituted therefor:

"(a) 'Court' means in Ontario, the Supreme Court; in Quebec, the Superior Court; in Nova Scotia, New Brunswick, British Columbia, Prince Edward Island, Alberta and Newfoundland, the Supreme Court for each of those provinces; in Manitoba, the Court of King's Bench; in Saskatchewan, the Court of King's Bench; and in the Yukon Territory, the Territorial Court;"

THE COMPANIES ACT, 1934.

31. Paragraph (d) of section three of *The Companies Act, 1934*, chapter thirty-three of the statutes of 1934, is repealed and the following substituted therefor:

"(d) 'court' means in Ontario, the Supreme Court; in Quebec, the Superior Court; in Nova Scotia, New Brunswick, British Columbia, Prince Edward Island, Alberta and Newfoundland, the Supreme Court in and for each of those provinces, respectively; in Manitoba, the Court of King's Bench; in Saskatchewan, the Court of King's Bench; and in the Yukon Territory, the Territorial Court;"

BANK OF CANADA ACT.

32. (1) Subsection one of section five of the *Bank of Canada Act*, chapter forty-three of the statutes of 1934, as enacted by the *Bank of Canada Act Amendment Act, 1938*, chapter forty-two of the statutes of 1938, is repealed and the following substituted therefor:

"5. (1) The Bank shall be under the management of a Board of Directors composed of a Governor, a Deputy Governor and twelve directors appointed in accordance with the provisions of this Act. There may also be an Assistant Deputy Governor who shall not as such be a member of the Board."

(2) Subsection one of section nine of the said Act, as enacted by the said *Bank of Canada Act Amendment Act, 1938*, is repealed and the following substituted therefor:

"9. (1) The Minister with the approval of the Governor in Council shall as of the first day of March in each year appoint for terms of three years each a sufficient number of directors to provide that there shall be twelve directors: Provided that one director shall be appointed forthwith upon the coming into force of this subsection for a term of office expiring on the last day of February, nineteen hundred and fifty-one."

CANADA SHIPPING ACT, 1934.

33. (1) *The Canada Shipping Act, 1934*, chapter forty-four of the statutes of 1934, is amended by adding thereto, immediately after section one hundred and eighteen thereof, the following sections:

"118A. (1) Every British subject who immediately prior to the expiration of the thirty-first day of March, nineteen hundred and forty-nine, held a certificate of competency as master or mate of a foreign-going or home-trade ship valid under the laws of Newfoundland is entitled upon the surrender of the certificate to receive a certificate of competency granted under this Part as master or mate of a foreign-going or home-trade ship, as the case may be.

(2) Subject to such conditions as the Minister may impose, a certificate granted under the laws of Newfoundland as master or mate of a foreign-going or home-trade ship may be accepted in lieu of a certificate as master or mate granted under this Part and may be suspended or cancelled by the Minister under like conditions as in the case of a certificate issued under this Part.

'118B. Every British subject who immediately prior to the expiration of the thirty-first day of March, nineteen hundred and forty-nine, was a resident of Newfoundland and who

(a) served as master or mate of a foreign-going or home-trade ship of over ten tons, gross tonnage, before that date for a full period of twelve months within the five years immediately preceding the date of his application for a certificate of service;

(b) produces satisfactory evidence of his sobriety, experience, ability and general good conduct on board ship; and

(c) passes the prescribed examination;

is entitled, according to his service and the waters served in, to either a foreign-going or home-trade certificate of service as master or mate of a steamship or a sailing ship, as the case may be, exceeding ten tons, gross tonnage."

(2) The portion of subsection one of section three hundred and five of the said Act, as enacted by section one of chapter six of the statutes of 1938, that precedes paragraph (a) thereof, is repealed and the following substituted therefor:

"305. (1) There shall be levied and collected on every ship arriving in any port in the provinces of Quebec, Nova Scotia, New Brunswick, Prince Edward Island, British Columbia or Newfoundland or in any port on Hudson Bay or James Bay in the provinces of Manitoba or Ontario, hereinafter called 'the said provinces,' a duty of two cents for every ton which such ship measures, register tonnage: Provided that such duty shall not be levied or collected on."

THE EXCISE ACT, 1934.

34. (1) Any goods mentioned in subsection one of section fifty-seven of *The Excise Act, 1934*, chapter fifty-two of the statutes of 1934, as enacted by section two of chapter forty-eight of the statutes of 1946, that were exported in bond to Newfoundland before the first day of April, nineteen hundred and forty-nine, and

(a) are in customs bonded or sufferance warehouses in Newfoundland on the said first day of April; or

(b) are in transit from Canada to Newfoundland on or before the thirty-first day of March, nineteen hundred and forty-nine;

shall be deemed to be goods in warehouse under the said Act and are liable to the duties imposed by the Schedule to that Act, and the full amount of such duties accruing upon such goods shall be paid before the goods are removed from warehouse for consumption.

(2) The duties imposed by subsection two of section one hundred and seventy-five of the said Act and by the Schedule to the said Act shall be levied and collected upon all malt that is in any customs bonded or sufferance warehouse or brewery in Newfoundland on the first day of April, nineteen hundred and forty-nine.

THE PATENT ACT, 1935.

35. *The Patent Act, 1935*, chapter thirty-two of the statutes of 1935, is amended by adding thereto, immediately after section seventy-seven thereof, the following heading and section:

NEWFOUNDLAND PATENTS.

"77A. (1) Patents issued under the laws of Newfoundland prior to the first day of April, nineteen hundred and forty-nine, shall be deemed to have been issued under the laws of Canada, as of the date and for the term thereof.

(2) In the event of conflict between patents issued under the laws of Newfoundland prior to the first day of April, nineteen hundred and forty-nine, and patents issued under the laws of Canada prior to that date

(a) the patents issued under the laws of Newfoundland shall have the same force and effect in the Province of Newfoundland as if Newfoundland had not become part of Canada, and all rights and privileges acquired under or by virtue thereof may continue to be exercised or enjoyed in the Province of Newfoundland as if Newfoundland had not become part of Canada; and

(b) the patents issued under the laws of Canada shall have the same force and effect in any part of Canada other than the Province of Newfoundland as if Newfoundland had not become part of Canada, and all rights and privileges acquired under or by virtue thereof may continue to be exercised or enjoyed in any part of Canada other than the Province of Newfoundland as if Newfoundland had not become part of Canada.

(3) The laws of Newfoundland as they existed immediately prior to the expiration of the thirty-first day of March, nineteen hundred and forty-nine, shall continue to apply in respect of applications for patents under the laws of Newfoundland pending at that time, and any patents issued upon such applications

shall, for the purposes of this section, be deemed to have been issued under the laws of Newfoundland prior to the first day of April, nineteen hundred and forty-nine; and patents issued under the laws of Canada upon applications pending immediately prior to the expiration of the said thirty-first day of March shall, for the purposes of this section, be deemed to have been issued under the laws of Canada prior to the said first day of April.

(4) No claims for infringement of a patent issued in Canada prior to the first day of April, nineteen hundred and forty-nine, shall be entertained by any court against any person for anything done in Newfoundland prior to that date in respect of the invention protected by such patent, and no claims for infringement of a patent issued in Newfoundland prior to that date shall be entertained by any court against any person for anything done in Canada prior to that date in respect of the invention protected by such patent."

THE TRANSPORT ACT, 1938.

36. (1) Paragraph (i) of subsection one of section two of *The Transport Act, 1938*, chapter fifty-three of the statutes of 1938, is repealed and the following substituted therefor:

"(i) 'Maritime Provinces' means the Provinces of Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland;"

(2) Paragraph (b) of subsection four of section twelve of the said Act is repealed and the following substituted therefor:

"(b) between ports or places in Hudson Bay, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland, and the Gulf and River St. Lawrence east of the western point of the Island of Orleans, or between any two or more places therein;"

THE PENITENTIARY ACT, 1939.

37. (1) Notwithstanding anything in *The Penitentiary Act, 1939*, chapter six of the statutes of 1939, every person who is sentenced by any court in Newfoundland to imprisonment for life, or for a term of years, not less than two, shall be sentenced to imprisonment in the penitentiary operated by the province of Newfoundland at the City of St. John's for the confinement of prisoners, and shall be subject to the statutes, rules, regulations and other laws pertaining to the management and control of the said penitentiary.

(2) Subject to the approval of the Governor in Council, the Minister of Justice may enter into an agreement with the province of Newfoundland providing for the payment to the province of the cost of maintaining persons who are or have been sentenced to imprisonment for life, or for a term of years, not less than two.

THE UNEMPLOYMENT INSURANCE ACT, 1940.

38. For the purposes of Part IV of *The Unemployment Insurance Act, 1940*, chapter forty-four of the statutes of 1940, as enacted by section twenty-four of chapter sixty-eight of the statutes of 1946,

(a) active service by a person in any of the naval or military forces of Newfoundland, or by a person who was recruited in Newfoundland in any naval,

military or air forces raised in Newfoundland by or on behalf of the United Kingdom, shall be deemed to be active service in the Canadian forces;

(b) residence and domicile in Newfoundland shall respectively be deemed to be residence and domicile in Canada.

THE VETERANS' LAND ACT, 1942.

39. For the purposes of *The Veterans' Land Act, 1942*, chapter thirty-three of the statutes of 1942, the expression "naval, military or air force of Canada" includes any of the naval or military forces of Newfoundland, and domicile or residence in Newfoundland shall be deemed to be domicile or residence in Canada, but any benefits that would otherwise be available to a member of the forces of Newfoundland under section nine or section thirty-five of that Act shall be reduced by the amount of similar benefits that he may have received from a government other than that of Canada.

THE NATIONAL PHYSICAL FITNESS ACT.

40. The sum of two hundred and twenty-five thousand dollars specified in section seven of *The National Physical Fitness Act*, chapter twenty-nine of the statutes of 1943-44, is increased to two hundred and thirty-two thousand dollars and for the purposes of the said section the population of Newfoundland shall be included in the population of Canada and shall be taken at three hundred and twenty-five thousand until the first decennial census after the first day of April, nineteen hundred and forty-nine.

THE FAMILY ALLOWANCES ACT, 1944.

41. For the purposes of *The Family Allowances Act, 1944*, chapter forty of the statutes of 1944-45,

(a) a child in Newfoundland in respect of whom an application for registration has been received and approved as prescribed by regulations to be made by the Governor in Council for Newfoundland, prior to the first day of April, nineteen hundred and forty-nine, shall be deemed to have been registered immediately prior to the expiration of the thirty-first day of March, nineteen hundred and forty-nine;

(b) birth, residence and domicile in Newfoundland shall respectively be deemed to be birth, residence and domicile in Canada; and

(c) the expression "Naval, Military or Air Forces of Canada" includes any of the naval or military forces of Newfoundland.

THE FISHERIES PRICES SUPPORT ACT, 1944.

42. Subsection one of section three of *The Fisheries Prices Support Act, 1944*, chapter forty-two of the statutes of 1944-45, is repealed and the following substituted therefor:

"3. (1) There shall be, under the direction of the Minister, a Fisheries Prices Support Board consisting of not more than six members, including a chairman and a vice-chairman, to be appointed by the Governor in Council and who shall hold office during pleasure."

THE NATIONAL HOUSING ACT, 1944.

43. A person who served on active service

(i) in any of the naval or military forces of Newfoundland or, having been recruited in Newfoundland, in any of the naval, military or air forces raised in Newfoundland by or on behalf of the United Kingdom, or

(ii) in any other naval, military or air forces of His Majesty and at the time of his enlistment therein was domiciled in Newfoundland,

shall be deemed to be a veteran for the purposes of section four B of *The National Housing Act, 1944*, chapter forty-six of the statutes of 1944-45.

THE VETERANS INSURANCE ACT.

44. For the purposes of subparagraph (i) of paragraph (j) of section two of *The Veterans Insurance Act*, chapter forty-nine of the statutes of 1944-45, service by a person in the naval or military forces of Newfoundland and service by a person recruited in Newfoundland in any naval, military or air forces raised in Newfoundland by or on behalf of the United Kingdom, shall be deemed to be service in the naval, military or air forces of Canada and, for the purposes of subparagraph (ii) of that paragraph, domicile in Newfoundland shall be deemed to be domicile in Canada.

THE WAR SERVICE GRANTS ACT, 1944, AND
THE VETERANS REHABILITATION ACT.

45. (1) Subject to the provisions of *The War Service Grants Act, 1944*, chapter fifty-one of the statutes of 1944-45, every Newfoundland veteran who does not elect to take benefits under *The Veterans' Land Act, 1942*, except section thirteen thereof, or any educational, vocational or technical training benefits under the provisions of *The Veterans Rehabilitation Act* shall, in order to assist in his re-establishment, be eligible for a re-establishment credit equal to the re-establishment credit that might have been made available to him under *The War Service Grants Act, 1944*, if he had been a member of the forces as therein defined, less the amount of any pecuniary benefits of the same nature granted or paid by the government of any country other than that of Canada.

(2) For the purposes of sections six, seven, eight and nine of *The Veterans Rehabilitation Act*, chapter thirty-five of the statutes of 1945, a Newfoundland veteran who has been discharged shall be deemed to be a veteran as defined in that Act.

(3) In this section the expression "Newfoundland veteran" means a person who served on active service

(a) in any of the naval or military forces of Newfoundland or having been recruited in Newfoundland in any of the naval, military or air forces raised in Newfoundland by or on behalf of the United Kingdom; or

(b) in any other naval, military, or air forces of His Majesty and at the time of his enlistment therein was domiciled in Newfoundland; or

(c) in any of the naval, military or air forces of the nations allied with His Majesty in active operations against the enemy in World War II, if he was domiciled in Newfoundland at the time of his enlistment therein and was domiciled and resident in Newfoundland within two years from the date of his dis-

charge therefrom or the eighth day of May, nineteen hundred and forty-five, whichever is the later.

THE CANADIAN CITIZENSHIP ACT.

46. *The Canadian Citizenship Act,* chapter fifteen of the statutes of 1946, is amended by adding thereto, immediately after section forty-four thereof, the following section:

"44A. (1) A person who was a British subject on the first day of April, nineteen hundred and forty-nine and

(i) was born in Newfoundland;

(ii) was naturalized under the laws of Newfoundland; or

(iii) had Newfoundland domicile on the said first day of April;

is a Canadian citizen.

(2) A person who is a Canadian citizen by virtue of paragraph (i) of subsection one is a natural born Canadian citizen.

(3) A person who is a Canadian citizen by virtue of paragraph (ii) of subsection one shall be deemed to have been naturalized under the laws of Canada, and a certificate of naturalization issued under the laws of Newfoundland shall be deemed to have been issued under the laws of Canada at the date thereof.

(4) A person who is a Canadian citizen by virtue of paragraph (iii) of subsection one, shall be deemed to have become a Canadian citizen on the day he acquired Newfoundland domicile.

(5) For the purposes of this Act, residence in Newfoundland, shall be deemed to be residence in Canada and Newfoundland domicile means domicile in Newfoundland for at least five years."

THE CIVILIAN WAR PENSIONS AND ALLOWANCES ACT.

47. For the purposes of Part I of *The Civilian War Pensions and Allowances Act,* chapter forty-three of the statutes of 1946, a person who served upon a certified non-Canadian ship and at the time he entered such service was domiciled in Newfoundland shall be deemed to be a Canadian national, and a ship engaged in the fishing industry of Newfoundland in Newfoundland tidal waters shall be deemed to be a ship engaged in the fishing industry of Canada in Canadian tidal waters.

THE EXPLOSIVES ACT, 1946.

48. A licence or permit issued under the Act of Newfoundland relating to the manufacture, storage, importation and sale of explosives, chapter fifty-four of the Consolidated Statutes of Newfoundland, 1916, shall be deemed to be a licence or permit issued under *The Explosives Act, 1946,* chapter seven of the statutes of 1946, for the purposes stated in the licence or permit, as the case may be.

THE VETERANS' BUSINESS AND
PROFESSIONAL LOANS ACT.

49. A person who served on active service

(i) in any of the naval or military forces of Newfoundland or, having been recruited in Newfoundland, in any of the naval, military or air forces raised in Newfoundland by or on behalf of the United Kingdom; or

(ii) in any other naval, military or air forces of His Majesty and at the time of his enlistment therein was domiciled in Newfoundland;

and is resident and domiciled in Canada, has not elected to take benefits under *The Veterans' Land Act, 1942*, and who would have been eligible for a gratuity under *The War Service Grants Act, 1944*, if such service had been service in the Canadian forces, shall be deemed to be a veteran for the purposes of *The Veterans' Business and Professional Loans Act*, chapter sixty-nine of the statutes of 1946.

THE WAR VETERANS ALLOWANCE ACT, 1946.

50. For the purposes of paragraphs (b) and (c) of section four and section nine of *The War Veterans Allowance Act, 1946*, chapter seventy-five of the statutes of 1946, His Majesty's Canadian forces include His Majesty's forces raised in Newfoundland, and for the purposes of paragraph (d) of section four and paragraph (b) of section nine of the said Act domicile in Newfoundland shall be deemed to be domicile in Canada.

THE JUDGES ACT, 1946.

51. (1) Section six of *The Judges Act, 1946*, chapter fifty-six of the statutes of 1946, is amended by adding thereto the following:

"Three District Judges of the Admiralty District of Newfoundland, each .... 333.33"

(2) The said Act is further amended by adding thereto, immediately after section sixteen thereof, the following section:

"16A. The salaries of the judges of the Supreme Court of Newfoundland are as follows:

	Per annum
(a) The Chief Justice	$13,333.33
(b) Two other Judges	12,000.00

(3) A judge of the Supreme Court of Newfoundland may make an election under section twenty-six of the said Act on or before the thirtieth day of June, nineteen hundred and forty-nine.

(4) For the purposes of sections twenty-two to twenty-eight of the said Act, the period during which a judge of the Supreme Court of the Province of Newfoundland held office as a judge of the Supreme Court of Newfoundland prior to the first day of April, nineteen hundred and forty-nine, shall be included in calculating the period during which he continued in office as a judge of a superior court."

THE REPRESENTATION ACT, 1947.

52. The representation in the House of Commons provided for by Term four of the Terms of Union of Newfoundland with Canada shall be added to the representation provided for in section two of *The Representation Act, 1947*, chapter seventy-one of the statutes of 1947, and the Schedule to the said Terms of Union shall be added to the Schedule to the said Act.

THE EMERGENCY EXCHANGE CONSERVATION ACT.

53. (1) For the purposes of *The Emergency Exchange Conservation Act*, chapter seven of the statutes of 1947-48, as amended by chapter forty-eight of the

statutes of 1947-48, during the period of twelve months beginning on the first day of April, nineteen hundred and forty-nine, the bringing of goods listed in Schedule I, II or III of that Act, that had been imported into Newfoundland before that day and are not the growth, produce or manufacture of Newfoundland, from the Province of Newfoundland into any other province is deemed to be an importation of those goods into that province from the country of which the goods are the growth, produce or manufacture; and no person shall so bring or attempt so to bring any such goods into any such other province except in accordance with a permit issued under that Act, in a like manner and subject to like conditions as if they were imported from that country.

(2) The Governor in Council may make regulations to give effect to subsection one.

54. This Act shall come into force immediately prior to the expiration of the thirty-first day of March, nineteen hundred and forty-nine.

13 GEORGE VI.

CHAP. 6

Loi ayant pour objet de modifier le droit statutaire.

[Sanctionnée le 25 mars 1949.]

Sa Majesté, sur l'avis et du consentement du Sénat et de la Chambre des Communes du Canada, décrète:

TITRE ABRÉGÉ.

1. La présente loi peut être citée sous le titre: *Loi modifiant le droit statutaire (Terre-Neuve).*

LOI D'INTERPRÉTATION.

2. L'alinéa vingt-six de l'article trente-sept de la *Loi d'interprétation*, chapitre premier des Statuts revisés du Canada, 1927, est modifié par l'adjonction du sous-alinéa suivant:

"(ff) Dans la province de Terre-Neuve, la Cour suprême de Terre-Neuve;"

LOI DES CAISSES D'ÉPARGNE.

3. Le paragraphe deux de l'article huit de la *Loi des caisses d'épargne*, chapitre quinze des Statuts revisés du Canada, 1927, est abrogé et remplacé par le suivant:

"(2) Afin d'établir un délai raisonnable pour la réception du récépissé, l'inscription faite sur le livret du déposant par le fonctionnaire compétent constitue aussi, pendant dix jours à compter de celui du dépôt, une preuve concluante du titre, s'il s'agit d'un dépôt effectué dans une partie du Canada autre que les provinces de la Colombie-Britannique, de la Saskatchewan, de l'Alberta ou de Terre-Neuve, ou les territoires du Nord-Ouest ou du Yukon; et, s'il s'agit d'un dépôt opéré dans les provinces de la Colombie-Britannique, de la Saskatchewan, de l'Alberta ou de Terre-Neuve, ou dans les territoires du Nord-Ouest ou du Yukon, pendant dix-huit jours à compter de celui du dépôt."

LOI DES CHAMBRES DE COMMERCE.

4. (1) L'alinéa (a) de l'article deux de la *Loi des chambres de commerce*, chapitre dix-neuf des Statuts revisés du Canada, 1927, est abrogé et remplacé par le suivant:

"(a) 'chambre de commerce' comprend 'board of trade' et, pour les fins de la nomination des peseurs de grain sous le régime des dispositions de la présente loi, signifie tout board of trade ou toute chambre de commerce constituée en vertu des dispositions d'une loi du Parlement du Canada, ou de la législature de la ci-devant Province du Canada, ou de la législature de quelque province du Canada;"

(2) Le sous-alinéa (ii) de l'alinéa (c) de l'article deux de ladite loi est abrogé et remplacé par le suivant:

"(ii) pour les provinces de la Saskatchewan, de l'Alberta et de Terre-Neuve, signifie et comprend aussi tout district électoral, constitué pour les élections à

l'Assemblée législative pour l'une quelconque desdites provinces, dans et pour lequel une chambre de commerce est établie;"

(3) L'article quarante-huit de ladite loi est abrogé et remplacé par le suivant:

"48. Toute chambre de commerce existante, jusqu'ici constituée en corporation par ou suivant une loi du Parlement du Canada, ou une loi de la législature de la ci-devant Province du Canada ou d'une province du Canada, peut demander, sous le régime de la présente Partie, la création de cette chambre de commerce conformément aux dispositions de la présente Partie."

LOI DU SERVICE CIVIL.

5. (1) Les sous-alinéas (ii) à (v) de l'alinéa (g) de l'article deux de la *Loi du service civil*, chapitre vingt-deux des Statuts révisés du Canada, 1927, édictés par l'article premier du chapitre cinquante-trois des Statuts de 1947, sont abrogés et remplacés par les suivants:

"(ii) pendant la seconde guerre mondiale, était en activité de service

(A) dans les forces navales, militaires ou aériennes de Sa Majesté ou d'un allié de Sa Majesté et, au commencement de son service actif, était domiciliée au Canada ou à Terre-Neuve, ou

(B) dans les forces navales, militaires ou aériennes du Canada et, non domiciliée au Canada lors du commencement de son service actif, est citoyen canadien,

et, dans le cours de ce service, a accompli des fonctions hors de l'hémisphère occidental, ou en haute mer sur un navire ou autre vaisseau, le service à bord duquel était, à l'époque où elle a accompli ces fonctions, considéré comme 'temps en mer' aux fins d'avancement des marins classés, ou qui aurait été ainsi considéré si le navire ou autre vaisseau avait été au service des forces navales du Canada;

(iii) pendant la seconde guerre mondiale, a servi comme membre du Corps féminin de la Marine royale ou comme membre du *South African Military Nursing Service* (Service sud-africain d'infirmières militaires) hors de l'hémisphère occidental et, au commencement de son service pendant la seconde guerre mondiale, était domiciliée au Canada ou à Terre-Neuve;

(iv) d'après le certificat du sous-secrétaire d'État aux Affaires extérieures, a été enrôlée au Canada ou à Terre-Neuve par les autorités du Royaume-Uni pour une mission spéciale pendant la seconde guerre mondiale dans les zones de guerre hors de l'hémisphère occidental, et a servi hors de l'hémisphère occidental, et était, lors de son enrôlement, domiciliée au Canada ou à Terre-Neuve;

(v) pendant la seconde guerre mondiale, a servi hors de l'hémisphère occidental avec les forces navales, militaires ou aériennes de Sa Majesté levées au Canada ou à Terre-Neuve, comme représentant des Canadian Legion War Services Inc., du Conseil national des Young Men's Christian Associations of Canada, des Knights of Columbus Canadian Army Huts ou des Salvation Army Canadian War Services, et était autorisée à servir ainsi par l'autorité navale, militaire ou aérienne appropriée, et, au commencement de son service avec ces forces pendant la seconde guerre mondiale, était domiciliée au Canada ou à Terre-Neuve;"

(2) Le sous-alinéa (ii) de l'alinéa (a) du paragraphe deux de l'article vingt-neuf de ladite loi, édicté par le chapitre cinquante-trois des Statuts de 1947, est abrogé et remplacé par le suivant:

"(ii) en raison de leur service pendant la seconde guerre mondiale seulement et qui, au commencement de ce service, étaient domiciliés au Canada ou à Terre-Neuve,"

(3) Le paragraphe premier de l'article trente-trois de ladite loi, édicté par le chapitre quarante des Statuts de 1932, est abrogé et remplacé par le suivant:

"33. (1) Nul ne sera, sans l'autorisation du gouverneur en conseil, admis à un examen, à moins qu'il ne soit sujet britannique de naissance ou par naturalisation, et aussi à moins qu'il n'ait résidé au Canada ou à Terre-Neuve durant au moins cinq années."

LOI DE LA PENSION DU SERVICE CIVIL.

6. La *Loi de la pension du service civil*, chapitre vingt-quatre des Statuts revisés du Canada, 1927, est modifiée par l'adjonction, immédiatement après l'article onze F, de l'article suivant:

"11G. (1) Le présent article s'applique à l'égard d'une personne qui était un employé du Gouvernement de Terre-Neuve dans un service que le Canada a absorbé en exécution des Conditions de l'Union de Terre-Neuve au Canada et qui est devenue un employé du gouvernement du Canada aux termes d'une offre d'emploi faite conformément aux Conditions de l'Union.

(2) Le gouverneur en conseil, sur la recommandation du Conseil du trésor, peut

(a) Edicter des règlements pour appliquer les clauses de l'union de Terre-Neuve au Canada en ce qui concerne les personnes visées par le présent article ou pour leur rendre applicables les dispositions de la présente loi, *mutatis mutandis*, de la même manière que si leur emploi auprès du gouvernement de Terre-Neuve avait été un emploi auprès du gouvernement du Canada; ou

(b) Ordonner qu'une allocation ou gratification soit payée aux termes de la présente loi à une personne visée par le présent article, lorsqu'une telle allocation ou gratification est payable conformément aux Conditions de l'Union de Terre-Neuve au Canada, et en fixer le montant.

(3) Tout montant payable aux termes du présent article à une personne que vise ledit article doit être imputé sur le compte de pension dans le Fonds du revenu consolidé, et tout montant versé par le gouvernement de Terre-Neuve au gouvernement du Canada conformément aux Conditions de l'Union de Terre-Neuve au Canada, à titre de remboursement de pensions à des personnes visées par le présent article ou comme contributions à l'égard desdites personnes, doit être crédité au compte de pension dans le Fonds du revenu consolidé."

LOI DU COURS MONÉTAIRE.

7. La *Loi du cours monétaire*, chapitre quarante des Statuts revisés du Canada, 1927, est modifiée par l'adjonction de l'article suivant, immédiatement après l'article onze:

"11A. (1) Nonobstant toute disposition de la présente loi, les pièces d'or, d'argent, de cuivre, de bronze ou d'autres métaux, frappées sous l'autorité de la

Couronne pour circulation à Terre-Neuve au plus tard le trente et un mars mil neuf cent quarante-neuf, doivent avoir cours selon leur valeur nominale et être réputées des pièces frappées en conformité de la présente loi.

(2) Toutes les sommes d'argent exigibles à compter du premier avril mil neuf cent quarante-neuf, aux termes de quelque *Act* ou loi en vigueur à Terre-Neuve et adopté avant cette date, ou en vertu d'obligations contractées avant le jour en question et destinées à être payables en monnaie de Terre-Neuve et qui, si Terre-Neuve n'était pas devenue une province du Canada, l'auraient été, doivent à compter de cette date être représentées et payables par des montants égaux en monnaie du Canada."

LOI DES DOUANES.

8. Est abrogé l'alinéa (j) de l'article deux cent quatre-vingt-quatre de la *Loi des douanes*, chapitre quarante-deux des Statuts revisés du Canada, 1927.

LOI DE LA PROTECTION DES DOUANES ET DES PÊCHERIES.

9. Le paragraphe premier de l'article trois de la *Loi de la protection des douanes et des pêcheries*, chapitre quarante-trois des Statuts revisés du Canada, 1927, est abrogé et remplacé par le suivant:

"3. (1) Le gouverneur en conseil peut, quand il y a lieu, autoriser l'émission,

(a) aux navires de pêche des États-Unis, de permis les autorisant à entrer dans tout port du littoral canadien de l'Atlantique, et,

(b) à des navires de pêche, d'un permis les autorisant à entrer dans tout port de la province de Terre-Neuve, durant les périodes mentionnées dans ces permis, aux fins

(c) d'acheter les appâts, la glace, les seines, lignes et tous autres approvisionnements et fournitures; et

(d) de transborder leurs prises et d'embarquer des équipages."

TARIF DES DOUANES.

10. Est abrogé l'article huit du *Tarif des douanes*, chapitre quarante-quatre des Statuts revisés du Canada, 1927.

LOI DES ÉLECTIONS FÉDÉRALES CONTESTÉES.

11. L'alinéa (d) du paragraphe premier de l'article deux de la *Loi des élections fédérales contestées*, chapitre cinquante des Statuts revisés du Canada, 1927, est modifié par l'adjonction, immédiatement après le sous-alinéa (ix), du sous-alinéa suivant:

"(ixa) Dans la province de Terre-Neuve, la Cour suprême de Terre-Neuve;"

LOI DES STATIONS AGRONOMIQUES.

12. Le paragraphe premier de l'article trois de la *Loi des stations agronomiques*, chapitre soixante et un des Statuts revisés du Canada, 1927, est modifié par l'adjonction de l'alinéa suivant:

"(f) La province de Terre-Neuve."

LOI DES TAUX DE TRANSPORT DES MARCHANDISES DANS LES PROVINCES MARITIMES.

13. (1) Sous réserve du présent article, la *Loi des taux de transport des marchandises dans les Provinces maritimes*, chapitre soixante-dix-neuf des Statuts

revisés du Canada, 1927, s'applique, *mutatis mutandis*, à toutes les lignes de chemin de fer dans l'île de Terre-Neuve qui sont assujéties à l'autorité législative du Parlement du Canada.

(2) Aux fins de ladite loi, les lignes de chemin de fer situées dans l'île de Terre-Neuve, y compris les services de navires à vapeur entre Port-aux-Basques et North Sydney, dont la gestion et l'exploitation sont confiées à la Compagnie des chemins de fer nationaux du Canada, sont censées, à compter de la date où elles sont ainsi confiées et tant qu'elles le demeureront, être comprises dans les lignes de chemin de fer collectivement désignées sous le nom "Lignes de l'Est"; l'île de Terre-Neuve est réputée comprise dans l'expression "territoire choisi," et le trafic direct par voie d'eau entre Port-aux-Basques et North Sydney doit être considéré comme exclusivement ferroviaire.

(3) Dès que les lignes de chemin de fer mentionnées au paragraphe deux auront été confiées à la Compagnie des chemins de fer nationaux du Canada, cette dernière devra déposer auprès de la Commission des transports du Canada les tarifs de taxe applicables au trafic à l'intérieur, en provenance ou à destination de l'île de Terre-Neuve et ces tarifs, dans la mesure où les mouvements préférés sont visés, devront, autant qu'il est approprié, être conformes aux dispositions de ladite loi.

(4) Nonobstant les dispositions des articles trois cent trente, trois cent trente et un, trois cent trente-quatre et trois cent trente-cinq de la *Loi des chemins de fer*, les tarifs primitivement déposés aux termes du paragraphe trois entreront en vigueur à compter de la date où lesdites lignes de chemin de fer seront ainsi confiées.

LOI DES CRIMINELS FUGITIFS.

14. L'alinéa (a) de l'article deux de la *Loi des criminels fugitifs*, chapitre quatre-vingt-un des Statuts revisés du Canada, 1927, est modifié par l'adjonction de ce qui suit, immédiatement après les mots "la Cour suprême de l'Alberta":

"dans la province de Terre-Neuve, la Cour suprême de Terre-Neuve,"

LOI DE L'IMMIGRATION.

15. Pour l'application de la *Loi de l'immigration*, chapitre quatre-vingt-treize des Statuts revisés du Canada, 1927, le domicile dans Terre-Neuve antérieurement au premier avril mil neuf cent quarante-neuf est censé être le domicile au Canada, et les expressions "débarquer" et "entrer" comprennent le fait d'être admis légalement à Terre-Neuve, aux termes des lois de Terre-Neuve.

LOI DE LA LÈPRE.

16. L'alinéa (c) de l'article onze de la *Loi de la lèpre*, chapitre cent dix-neuf des Statuts revisés du Canada, 1927, est abrogé et remplacé par le suivant:

"(c) Dans la province de la Saskatchewan, d'Alberta ou de Terre-Neuve, devant un juge d'une cour supérieure;"

LOI DE L'EXPÉDITION DU BÉTAIL.

17. L'alinéa (e) de l'article deux de la *Loi de l'expédition du bétail*, chapitre cent vingt-deux des Statuts revisés du Canada, 1927, est abrogé et remplacé par le suivant:

"(e) 'navire portant ou transportant du bétail' signifie tout navire employé au transport du bétail de tout port ou lieu du Canada à tout port ou lieu en dehors du Canada, qui n'est pas un port ou lieu des États-Unis d'Amérique, de Saint-Pierre ou de Miquelon, des Bermudes, des Antilles, du Mexique, ni de l'Amérique du Sud."

LOI DES PENSIONS DE LA MILICE.

18. L'article cinquante-trois de la *Loi des pensions de la milice*, chapitre cent trente-trois des Statuts revisés du Canada, 1927, est modifié par l'adjonction, immédiatement après l'alinéa (g), de l'alinéa suivant:

"(gg) Prescrivant que le service dans l'une quelconque des forces de Terre-Neuve et le service, antérieur au premier avril mil neuf cent quarante-neuf, auprès du gouvernement de Terre-Neuve peuvent être compris aux fins du versement des contributions et du calcul des pensions, allocations et gratifications prévues dans la présente loi;"

LOI DES PENSIONS DE VIEILLESSE.

19. Pour l'application de la *Loi des pensions de vieillesse*, chapitre cent cinquante-six des Statuts revisés du Canada, 1927, la résidence et la présence à Terre-Neuve sont respectivement réputées résidence et présence au Canada.

LOI DES PENSIONS.

20. (1) Pour l'application des articles quarante-cinq, quarante-six et quarante-six A de la *Loi des pensions*, chapitre cent cinquante-sept des Statuts revisés du Canada, 1927, le domicile à Terre-Neuve est réputé domicile au Canada.

(2) Un membre des forces navales ou militaires de Terre-Neuve pendant la première ou la seconde guerre mondiale est réputé un membre des forces pour l'application de l'article onze de la *Loi des pensions*.

(3) Un sujet britannique résidant et domicilié à Terre-Neuve au moment de son enrôlement, qui a servi dans les forces navales, militaires ou aériennes de Sa Majesté ou dans l'une quelconque des forces navales, militaires ou aériennes de tout pays allié de Sa Majesté durant la seconde guerre mondiale, est réputé un membre des forces pour l'application de l'article onze de la *Loi des pensions*, si l'invalidité qui fait l'objet de la demande de pension ne donne pas droit à pension aux termes du premier ou du deuxième paragraphe du présent article.

LOI DE LA ROYALE GENDARMERIE
À CHEVAL DU CANADA.

21. Les sous-alinéas (i) et (ii) de l'alinéa (j) du paragraphe premier de l'article quatre-vingt-onze de la *Loi de la Royale gendarmerie à cheval du Canada*, chapitre cent soixante des Statuts revisés du Canada, 1927, édicté par l'article dix du chapitre vingt-huit des Statuts de 1947-1948, sont abrogés et remplacés par ce qui suit:

"(j) 'service' signifie le temps passé dans la gendarmerie et comprend, aux fins du versement des contributions prévues à la présente Partie et du calcul des pensions, allocations ou gratifications,

(i) Le temps passé dans le service civil ou dans les forces permanentes navales, militaires ou aériennes du Canada ou de Terre-Neuve;

(ii) Le temps passé en activité de service dans les forces navales, militaires ou aériennes de Sa Majesté, levées au Canada ou à Terre-Neuve en temps de guerre; et"

LOI SUR LA TAXE D'ACCISE.

22. (1) L'article cent trois A de la *Loi sur la taxe d'accise*, chapitre cent soixante-dix-neuf des Statuts revisés du Canada, 1927, ne s'applique pas aux marchandises exportées dans des entrepôts de douane ou de souffrance ou attente (*sufferance*) à Terre-Neuve le premier avril mil neuf cent quarante-neuf, ou en cours de route du Canada à Terre-Neuve le ou avant le premier mars mil neuf cent quarante-neuf, pour lesquelles aucune déclaration en vue de la consommation dans Terre-Neuve n'a été faite avant le premier avril en question.

(2) L'alinéa (d) de l'article treize de ladite loi, édicté par l'article premier du chapitre cinquante-quatre des Statuts de 1932, est abrogé et remplacé par le suivant:

"(a) 'compagnie britannique' signifie toute corporation constituée sous le régime des lois du Royaume-Uni de Grande-Bretagne et de l'Irlande du Nord ou d'un Dominion ou possession britannique, autre que le Canada, Terre-Neuve ou une province du Canada, pour exercer des opérations d'assurances, et comprend toute association de personnes formée dans ledit Royaume ou dans n'importe lequel de ces dominions ou possessions d'après le plan dit Lloyd's, en vertu duquel chaque assureur associé devient responsable d'une partie déclarée, limitée ou proportionnelle de la somme entière assurée par une police;"

LOI DES TRAITEMENTS.

23. L'article trois de la *Loi des traitements*, chapitre cent quatre-vingt-deux des Statuts revisés du Canada, 1927, édicté par l'article premier du chapitre soixante-huit des Statuts de 1947-1948, est modifié par l'adjonction de ce qui suit:

"Au lieutenant-gouverneur de Terre-Neuve . . . 9,000"

LOI DES LIQUIDATIONS.

24. (1) L'alinéa (f) de l'article deux de la *Loi des liquidations*, chapitre deux cent treize des Statuts revisés du Canada, 1927, est modifié par l'adjonction, immédiatement après le sous-alinéa (ix), du sous-alinéa suivant:

"(ixa) Dans la province de Terre-Neuve, la Cour suprême,"

(2) L'article six de ladite loi est abrogé et remplacé par le suivant:

"6. La présente loi s'applique à toutes les corporations constituées par une loi ou en vertu d'une loi du Parlement du Canada, ou par ou suivant quelque loi de la ci-devant Province du Canada, ou de la province de la Nouvelle-Écosse, du Nouveau-Brunswick, de la Colombie-Britannique, de l'Île du Prince-Édouard ou de Terre-Neuve, et dont la constitution et les opérations sont sous l'autorité législative du Parlement du Canada; et aussi aux banques constituées en corporations, aux caisses d'épargne, aux compagnies d'assurance constituées en corporations, aux compagnies de prêt qui ont des pouvoirs d'emprunt, aux sociétés de construction qui ont un capital social et aux compagnies de commerce constituées en corporations et faisant affaires en Canada, quel que soit l'endroit où elles ont été constituées et

(a) Qui sont insolvables; ou

(b) Qui sont en liquidation ou en voie de passer par la liquidation et, par pétition de la part de quelqu'un de leurs actionnaires ou créanciers, cessionnaires ou liquidateurs, demandent à être assujéties aux dispositions de la présente loi."

LOI DES JEUNES DÉLINQUANTS, 1929.

25. L'alinéa (j) de l'article deux de la *Loi des jeunes délinquants, 1929*, chapitre quarante-six des Statuts de 1929, est modifié par l'adjonction, immédiatement après les mots "la Cour suprême d'Alberta," de ce qui suit:

"dans la province de Terre-Neuve, un juge de la Cour suprême de Terre-Neuve;"

LOI SUR LA CONCURRENCE DÉLOYALE, 1932.

26. La *Loi sur la concurrence déloyale, 1932*, chapitre trente-huit des Statuts de 1932, est modifiée par l'adjonction, immédiatement après l'article soixante, de l'article suivant:

"60A. (1) L'enregistrement d'une marque de commerce aux termes des lois de Terre-Neuve antérieurement au premier avril mil neuf cent quarante-neuf aura la même vigueur et le même effet dans la province de Terre-Neuve que si Terre-Neuve n'était pas devenue partie du Canada, et l'exercice ou la jouissance de tous les droits et privilèges acquis sous le régime ou en vertu d'un tel enregistrement seront maintenus dans la province de Terre-Neuve, comme si Terre-Neuve n'était pas devenue partie du Canada.

(2) Les lois de Terre-Neuve, telles qu'elles existaient immédiatement avant l'expiration du trente et unième jour de mars mil neuf cent quarante-neuf, continueront de s'appliquer aux demandes d'enregistrement de marques de commerce, sous le régime des lois de Terre-Neuve, en instance à cette date et toutes marques de commerce enregistrées aux termes de semblables demandes seront, pour l'application du présent article, censées avoir été enregistrées en conformité des lois de Terre-Neuve antérieurement au premier avril mil neuf cent quarante-neuf."

LOI DES PÊCHERIES, 1932.

27. Dans son application aux côtes de Terre-Neuve, le paragraphe trois de l'article cinquante-six de la *Loi des pêcheries, 1932*, chapitre quarante-deux des Statuts de 1932, doit s'interpréter comme si les mots "trois milles" étaient substitués aux mots "douze milles."

LOI DES COMPAGNIES D'ASSURANCE CANADIENNES ET BRITANNIQUES, 1932.

28. (1) L'alinéa (b) du paragraphe premier de l'article deux de la *Loi des compagnies d'assurance canadiennes et britanniques, 1932*, chapitre quarante-six des Statuts de 1932, édicté par l'article deux du chapitre vingt-sept des Statuts de 1934, est abrogé et remplacé par le suivant:

"(b) 'compagnie britannique' signifie toute corporation constituée en vertu des lois du Royaume-Uni de Grande-Bretagne et de l'Irlande du Nord ou de quelque dominion ou possession britannique autre que le Canada, Terre-Neuve ou une province du Canada aux fins d'exercer les opérations d'assurance;"

(2) Les alinéas (l) et (f) du paragraphe premier de l'article deux de ladite loi, selon les nouvelles lettres indicatrices attribuées par l'article deux du chapitre vingt-sept des Statuts de 1934, sont abrogés et remplacés par les suivants:

"(l) 'police au Canada', à l'égard de l'assurance-vie, signifie une police émise ou souscrite par une compagnie enregistrée, sous le régime de la présente loi, sur la tête d'une personne résidant au Canada ou à Terre-Neuve au moment où cette police a été émise ou souscrite; et, à l'égard de l'assurance-incendie, signifie une police émise ou souscrite par une pareille compagnie sur des biens au Canada ou à Terre-Neuve; et, à l'égard de toute autre classe d'assurance, signifie une police émise ou souscrite par une pareille compagnie dans l'exercice de ses opérations d'assurance au Canada ou à Terre-Neuve;" (l)

"(f) 'compagnie provinciale' signifie une compagnie constituée en vertu des lois d'une province du Canada, de Terre-Neuve ou de toute ancienne province de l'Amérique du Nord britannique faisant aujourd'hui partie du Canada, autre que la ci-devant Province du Canada, aux fins d'exercer les opérations d'assurance;" (m)

LOI DES COMPAGNIES D'ASSURANCE ÉTRANGÈRES, 1932.

29. L'alinéa (o) du paragraphe premier de l'article deux de la *Loi des compagnies d'assurance étrangères, 1932,* chapitre quarante-sept des Statuts de 1932, est abrogé et remplacé par le suivant:

"(o) 'police au Canada', à l'égard de l'assurance-vie, signifie une police émise ou souscrite par une compagnie enregistrée, sous le régime de la présente loi, sur la tête d'une personne résidant au Canada ou à Terre-Neuve, au moment où cette police a été émise ou souscrite; et, à l'égard de l'assurance-incendie, signifie une police émise ou souscrite par une pareille compagnie sur des biens au Canada ou à Terre-Neuve; et, à l'égard de toute autre classe d'assurance, signifie une police émise ou souscrite par une pareille compagnie dans l'exercice de ses opérations d'assurance au Canada ou à Terre-Neuve;" (p)

LOI SUR LES ARRANGEMENTS AVEC LES CRÉANCIERS DES COMPAGNIES, 1933.

30. L'alinéa (a) de l'article deux de la *Loi sur les arrangements avec les créanciers des compagnies, 1933,* chapitre trente-six des Statuts de 1932-1933, est abrogé et remplacé par le suivant:

"(a) 'tribunal' signifie, dans Ontario, la Cour suprême; dans Québec, la Cour supérieure; dans la Nouvelle-Écosse, le Nouveau-Brunswick, la Colombie-Britannique, l'Île du Prince-Édouard, l'Alberta et Terre-Neuve, la Cour suprême de chacune de ces provinces; au Manitoba, la Cour du banc du Roi; dans la Saskatchewan, la Cour du banc du Roi; et dans le territoire du Yukon, la Cour territoriale;"

LOI DES COMPAGNIES, 1934.

31. L'alinéa (d) de l'article trois de la *Loi des compagnies, 1934,* chapitre trente-trois des Statuts de 1934, est abrogé et remplacé par le suivant:

"(d) 'cour' signifie, dans Ontario, la Cour suprême; dans Québec, la Cour supérieure; dans la Nouvelle-Écosse, le Nouveau-Brunswick, la Colombie-Britannique, l'Île du Prince-Édouard, l'Alberta et Terre-Neuve, la Cour suprême

dans et pour chacune de ces provinces respectivement; dans le Manitoba, la cour du Banc du Roi; dans la Saskatchewan, la cour du Banc du Roi, et dans le Territoire du Yukon, la Cour territoriale;"

LOI SUR LA BANQUE DU CANADA.

32. (1) Le paragraphe premier de l'article cinq de la *Loi sur la Banque du Canada*, chapitre quarante-trois des Statuts de 1934, édicté par la *Loi de 1938 modifiant la Loi sur la Banque du Canada*, chapitre quarante-deux des Statuts de 1938, est abrogé et remplacé par le suivant:

"5. (1) La Banque est gérée par un conseil d'administration composé d'un gouverneur, d'un sous-gouverneur et de douze administrateurs nommés en conformité des dispositions de la présente loi. Il peut en outre y avoir un sous-gouverneur adjoint, qui n'est pas, à ce titre, membre du Conseil."

(2) Le paragraphe premier de l'article neuf de ladite loi, édicté par ladite *Loi de 1938 modifiant la Loi sur la Banque du Canada*, est abrogé et remplacé par le suivant:

"9. (1) Avec l'assentiment du gouverneur en conseil, le Ministre nommera, à compter du premier jour de mars de chaque année, pour des périodes de trois ans dans chaque cas, un nombre suffisant d'administrateurs pour assurer qu'il y en aura douze. Toutefois, un administrateur sera nommé dès l'entrée en vigueur du présent paragraphe; la durée de ses fonctions expirera le dernier jour de février mil neuf cent cinquante et un."

LOI DE LA MARINE MARCHANDE DU CANADA, 1934.

33. (1) La *Loi de la marine marchande du Canada, 1934*, chapitre quarante-quatre des Statuts de 1934, est modifiée par l'adjonction, immédiatement après l'article cent dix-huit, des articles suivants:

"118A. (1) Chaque sujet britannique qui, immédiatement avant l'expiration du trente et unième jour de mars mil neuf cent quarante-neuf, détenait un certificat de capacité comme capitaine ou officier d'un navire au long cours ou d'un navire du commerce intérieur, valide aux termes des lois de Terre-Neuve, a droit, sur la remise du certificat, de recevoir un certificat de capacité accordé sous le régime de la présente Partie comme capitaine ou officier d'un navire au long cours ou d'un navire du commerce intérieur, selon le cas.

(2) Sous réserve des conditions que le Ministre peut imposer, un certificat, accordé aux termes des lois de Terre-Neuve, comme capitaine ou officier d'un navire au long cours ou d'un navire du commerce intérieur, peut être accepté au lieu d'un certificat comme capitaine ou officier accordé sous le régime de la présente Partie et peut être suspendu ou annulé par le Ministre aux mêmes conditions que dans le cas d'un certificat délivré en vertu de la présente Partie.

118B. Chaque sujet britannique qui, immédiatement avant l'expiration du trente et unième jour de mars mil neuf cent quarante-neuf, était résident de Terre-Neuve et qui

(a) avait, avant cette date et dans les cinq années précédant immédiatement la date de sa demande de certificat de service, rempli pendant une période de douze mois francs, les fonctions de capitaine ou d'officier d'un navire au long cours ou d'un navire du commerce intérieur de plus de dix tonneaux de jauge brute;

(b) établit d'une façon satisfaisante sa sobriété, son expérience, sa compétence et sa bonne conduite habituelle à bord; et

(c) passe l'examen prescrit,

est admis à recevoir, selon son service et suivant les eaux dans lesquelles il a servi, un certificat de service comme capitaine ou officier, sur un navire à vapeur ou un voilier, de voyage au long cours ou de commerce intérieur, selon le cas, de plus de dix tonneaux de jauge brute."

(2) La partie du paragraphe premier de l'article trois cent cinq de ladite loi, édicté par l'article un du chapitre six des Statuts de 1938, qui précède l'alinéa (a), est abrogée et remplacée par ce qui suit:

"305. (1) Il sera prélevé et perçu, de chaque navire arrivant à un port ou havre des provinces de Québec, de la Nouvelle-Écosse, du Nouveau-Brunswick, de l'Île du Prince-Édouard, de la Colombie-Britannique ou de Terre-Neuve ou à un port de la Baie d'Hudson ou de la Baie James dans les provinces du Manitoba ou d'Ontario, ci-après dénommées 'lesdites provinces,' un droit de deux cents par tonneau de jauge nette du navire. Toutefois, ce droit ne sera prélevé ni perçu."

LOI DE L'ACCISE, 1934.

34. (1) Toutes les marchandises mentionnées au paragraphe premier de l'article cinquante-sept de la *Loi de l'accise, 1934*, chapitre cinquante-deux des Statuts de 1934, édicté par l'article deux du chapitre quarante-huit des Statuts de 1946, qui ont été exportées en entrepôt à Terre-Neuve avant le premier avril mil neuf cent quarante-neuf et

(a) qui sont en entrepôt de douane ou de souffrance ou attente (*sufferance*) à Terre-Neuve ledit premier avril, ou

(b) qui sont en cours de route du Canada à Terre-Neuve au plus tard le trente et un mars mil neuf cent quarante-neuf,

sont censées être des marchandises en entrepôt aux termes de ladite loi et sont assujéties aux droits imposés par l'Annexe à cette loi, et le plein montant de ces droits afférents auxdites marchandises doit être acquitté avant qu'elles soient sorties d'entrepôt en vue de la consommation.

(2) Les droits imposés par le paragraphe deux de l'article cent soixante-quinze de ladite loi et par l'Annexe à ladite loi doivent être prélevés et perçus à l'égard de tout malt se trouvant en entrepôt de douane ou de souffrance ou attente (*sufferance*) ou en brasserie-entrepôt de douane ou de souffrance ou attente (*sufferance*) à Terre-Neuve le premier avril mil neuf cent quarante-neuf.

LOI DE 1935 SUR LES BREVETS.

35. La *Loi de 1935 sur les brevets*, chapitre trente-deux des Statuts de 1935, est modifiée par l'adjonction, immédiatement après l'article soixante-dix-sept, de la rubrique et de l'article suivants:

BREVETS DE TERRE-NEUVE.

"77A. (1) Les brevets délivrés aux termes des lois de Terre-Neuve antérieurement au premier avril mil neuf cent quarante-neuf sont censés avoir été délivrés en vertu des lois du Canada, à compter de la date et pour la durée desdits brevets.

(2) En cas de conflit entre des brevets délivrés sous le régime des lois de Terre-Neuve avant le premier avril mil neuf cent quarante-neuf et des brevets délivrés en vertu des lois du Canada antérieurement à cette date

(a) les brevets délivrés conformément aux lois de Terre-Neuve auront la même vigueur et le même effet dans la province de Terre-Neuve que si Terre-Neuve n'était pas devenue partie du Canada, et l'exercice ou la jouissance de tous droits et privilèges acquis sous le régime ou en vertu desdits brevets seront maintenus dans la province de Terre-Neuve comme si Terre-Neuve n'était pas devenue partie du Canada; et

(b) les brevets délivrés conformément aux lois du Canada auront la même vigueur et le même effet dans toute partie du Canada autre que la province de Terre-Neuve, que si Terre-Neuve n'était pas devenue partie du Canada, et l'exercice ou la jouissance de tous droits et privilèges acquis sous le régime ou en vertu desdits brevets seront maintenus dans toute partie du Canada, autre que la province de Terre-Neuve, comme si Terre-Neuve n'était pas devenue partie du Canada.

(3) Les lois de Terre-Neuve, telles qu'elles existaient immédiatement avant l'expiration du trente et unième jour de mars mil neuf cent quarante-neuf, continueront de s'appliquer à l'égard des demandes de brevets présentées sous le régime des lois de Terre-Neuve mais en instance à cette date, et tous brevets délivrés à la suite de telles demandes seront, pour les fins du présent article, considérés comme ayant été délivrés en vertu des lois de Terre-Neuve antérieurement au premier avril mil neuf cent quarante-neuf. Les brevets délivrés sous l'autorité des lois du Canada à la suite de demandes en instance immédiatement avant l'expiration dudit trente et unième jour de mars seront, pour l'application du présent article, considérés comme ayant été délivrés conformément aux lois du Canada antérieurement audit premier avril.

(4) Aucun tribunal ne pourra connaître de réclamations contre qui que ce soit pour contrefaçon d'un brevet délivré au Canada antérieurement au premier avril mil neuf cent quarante-neuf en raison de quelque acte accompli à Terre-Neuve, avant cette date, relativement à l'invention protégée par ledit brevet, et aucun tribunal ne pourra connaître de réclamations contre qui que ce soit pour contrefaçon d'un brevet délivré à Terre-Neuve avant cette date, en raison de quelque acte accompli au Canada, avant cette date, relativement à l'invention protégée par ledit brevet."

LOI DES TRANSPORTS, 1938.

36. (1) L'alinéa (i) du paragraphe premier de l'article deux de la *Loi des transports, 1938*, chapitre cinquante-trois des Statuts de 1938, est abrogé et remplacé par le suivant:

"(i) 'Provinces maritimes' signifie les provinces de la Nouvelle-Ecosse, du Nouveau-Brunswick, de l'Ile du Prince-Edouard et de Terre-Neuve;"

(2) L'alinéa (b) du paragraphe quatre de l'article douze de ladite loi est abrogé et remplacé par le suivant:

"(b) entre des ports ou endroits de la Baie d'Hudson, de la Nouvelle-Ecosse, du Nouveau-Brunswick, de l'Ile du Prince-Edouard, de Terre-Neuve, et du golfe et du fleuve Saint-Laurent à l'est de l'extrémité occidentale de l'île d'Orléans, ou

entre deux ou plusieurs endroits de ces régions;"

LOI DE 1939 SUR LES PÉNITENCIERS.

37. (1) Nonobstant toute disposition de la *Loi de 1939 sur les pénitenciers*, chapitre six des Statuts de 1939, quiconque est condamné par un tribunal dans Terre-Neuve à l'emprisonnement à perpétuité, ou à un emprisonnement à temps, d'au moins deux ans, doit être condamné à l'emprisonnement dans le pénitencier que dirige la province de Terre-Neuve dans la ville de Saint-Jean pour la détention des prisonniers et doit être assujéti aux statuts, règles, règlements et autres lois connexes à l'administration et à la surveillance dudit pénitencier.

(2) Sous réserve de l'approbation du gouverneur en conseil, le ministre de la Justice peut conclure avec la province de Terre-Neuve un accord stipulant le paiement à la province du coût d'entretien de personnes qui sont ou ont été condamnées à l'emprisonnement à perpétuité, ou à temps, d'au moins deux ans.

LOI DE 1940 SUR L'ASSURANCE-CHÔMAGE.

38. En vue de l'application de la Partie IV de la *Loi de 1940 sur l'assurance-chômage*, chapitre quarante-quatre des Statuts de 1940, édictée par l'article vingt-quatre du chapitre soixante-huit des Statuts de 1946,

(a) L'activité de service par une personne dans l'une des forces navales ou militaires de Terre-Neuve, ou par une personne qui a été recrutée à Terre-Neuve dans l'une des forces navales, militaires ou aériennes levées à Terre-Neuve par le Royaume-Uni ou pour son compte, est considérée comme activité de service dans les forces canadiennes;

(b) La résidence et le domicile à Terre-Neuve sont respectivement considérés comme résidence et domicile au Canada.

LOI DE 1942 SUR LES TERRES DESTINÉES AUX ANCIENS COMBATTANTS.

39. Pour l'application de la *Loi de 1942 sur les terres destinées aux anciens combattants*, chapitre trente-trois des Statuts de 1942, l'expression "corps naval, militaire ou aérien du Canada" comprend l'une quelconque des forces navales ou militaires de Terre-Neuve, et le domicile ou la résidence à Terre-Neuve est censée être le domicile ou la résidence au Canada, mais tous les bénéfices qui seraient autrement accessibles à un membre des forces de Terre-Neuve, aux termes de l'article neuf ou de l'article trente-cinq de cette loi, doivent être réduits du montant des bénéfices semblables qu'il peut avoir reçus d'un gouvernement autre que celui du Canada.

LOI SUR L'APTITUDE PHYSIQUE NATIONALE.

40. La somme de deux cent vingt-cinq mille dollars, spécifiée à l'article sept de la *Loi sur l'aptitude physique nationale*, chapitre vingt-neuf des Statuts de 1943-1944, est portée à deux cent trente-deux mille dollars et, aux fins dudit article, la population de Terre-Neuve doit être comprise dans celle du Canada et être estimée à trois cent vingt-cinq mille habitants jusqu'au premier recensement décennal tenu après le premier avril mil neuf cent quarante-neuf.

Loi de 1944 sur les allocations familiales.

41. Pour l'application de la *Loi de 1944 sur les allocations familiales*, chapitre quarante des Statuts de 1944-1945,

(a) Un enfant à Terre-Neuve au sujet de qui une demande d'enregistrement a été reçue et approuvée, conformément à des règlements devant être édictés par le gouverneur en conseil à l'égard de Terre-Neuve, avant le premier avril mil neuf cent quarante-neuf, est censé avoir été enregistré immédiatement avant l'expiration du trente et unième jour de mars mil neuf cent quarante-neuf;

(b) La naissance, la résidence et le domicile à Terre-Neuve sont respectivement considérés comme naissance, résidence et domicile au Canada; et

(c) L'expression "forces navales, militaires ou aériennes du Canada" comprend l'une quelconque des forces navales ou militaires de Terre-Neuve.

Loi de 1944 sur le soutien des prix des produits de la pêche.

42. Le paragraphe premier de l'article trois de la *Loi de 1944 sur le soutien des prix des produits de la pêche*, chapitre quarante-deux des Statuts de 1944-1945, est abrogé et remplacé par le suivant:

"3. (1) Est institué un Office des prix des produits de la pêche, sous la direction du Ministre, composé d'au plus six membres, y compris un président et un vice-président, nommés par le gouverneur en conseil et exerçant leurs fonctions à titre amovible."

Loi nationale de 1944 sur l'habitation.

43. Quiconque a pris du service actif

(i) dans l'une quelconque des forces navales ou militaires de Terre-Neuve ou, ayant été recruté à Terre-Neuve, dans l'une des forces navales, militaires ou aériennes levées à Terre-Neuve par le Royaume-Uni ou pour le compte de ce dernier, ou

(ii) dans toute autre force navale, militaire ou aérienne de Sa Majesté et, au moment de son enrôlement dans ladite force armée, était domicilié à Terre-Neuve,

est considéré comme un ancien combattant aux fins de l'article quatre B de la *Loi nationale de 1944 sur l'habitation*, chapitre quarante-six des Statuts de 1944-1945.

Loi sur l'assurance des anciens combattants.

44. Aux fins du sous-alinéa (i) de l'alinéa (j) de l'article deux de la *Loi sur l'assurance des anciens combattants*, chapitre quarante-neuf des Statuts de 1944-1945, le service par une personne dans les forces navales ou militaires de Terre-Neuve et le service par une personne recrutée à Terre-Neuve dans l'une des forces navales, militaires ou aériennes levées à Terre-Neuve par le Royaume-Uni ou pour le compte de ce dernier, est réputé du service dans les forces navales, militaires ou aériennes du Canada et, pour l'application du sous-alinéa (ii) de cet alinéa, le domicile à Terre-Neuve est considéré comme domicile au Canada.

Loi de 1944 sur les indemnités de service de guerre et loi sur la réadaptation des anciens combattants.

45. (1) Sous réserve des dispositions de la *Loi de 1944 sur les indemnités de service de guerre*, chapitre cinquante et un des Statuts de 1944-1945, chaque ancien combattant de Terre-Neuve qui ne décide pas de participer aux bénéfices prévus par la *Loi de 1942 sur les terres destinées aux anciens combattants*, sauf l'article treize de cette dernière loi, ou de recevoir les prestations pour formation intellectuelle, professionnelle ou technique aux termes des dispositions de la *Loi sur la réadaptation des anciens combattants*, a droit, aux fins de faciliter sa réadaptation, à un crédit de réadaptation pour un montant égal au crédit de réadaptation qui aurait pu être mis à sa disposition en vertu de la *Loi de 1944 sur les indemnités de service de guerre*, s'il avait été membre des forces selon la définition qui s'y trouve, moins le montant de tout bénéfice pécuniaire de même nature accordé ou versé par le gouvernement de tout pays autre que celui du Canada.

(2) Pour l'application des articles six, sept, huit et neuf de la *Loi sur la réadaptation des anciens combattants*, chapitre trente-cinq des Statuts de 1945, un ancien combattant de Terre-Neuve qui a été licencié est réputé un ancien combattant selon la définition qu'en donne cette loi.

(3) Dans le présent article, l'expression "ancien combattant de Terre-Neuve" signifie une personne qui a pris du service actif

(a) Dans l'une quelconque des forces navales ou militaires de Terre-Neuve ou, ayant été recrutée à Terre-Neuve, dans des forces navales, militaires ou aériennes levées à Terre-Neuve par le Royaume-Uni ou pour le compte de ce dernier, ou

(b) Dans toute autre force navale, militaire ou aérienne de Sa Majesté et qui, à l'époque de son enrôlement, était domicilée à Terre-Neuve; ou

(c) Dans une des forces navales, militaires ou aériennes des nations alliées de Sa Majesté en opération active contre l'ennemi pendant la seconde guerre mondiale, si elle était domicilée à Terre-Neuve à l'époque de son enrôlement dans ces forces et était domiciliée et résidait à Terre-Neuve dans les deux ans de la date de son licenciement desdits forces ou le huit mai mil neuf cent quarante-cinq, selon celle des deux dates qui est postérieure à l'autre.

Loi sur la citoyenneté canadienne.

46. La *Loi sur la citoyenneté canadienne*, chapitre quinze des Statuts de 1946, est modifiée par l'adjonction, immédiatement après l'article quarante-quatre, de l'article suivant:

"44A. (1) Une personne qui était sujet britannique le premier avril mil neuf cent quarante-neuf et

(i) est née à Terre-Neuve;

(ii) était naturalisée aux termes des lois de Terre-Neuve, ou

(iii) avait un domicile terre-neuvien ledit premier avril,

est citoyen canadien.

(2) Une personne, qui est citoyen canadien en raison de l'alinéa (i) du paragraphe premier est citoyen canadien de naissance.

(3) Une personne qui est citoyen canadien en raison de l'alinéa (ii) du paragraphe premier est réputée avoir été naturalisée en vertu des lois du Canada, et un certificat de naturalisation délivré conformément aux lois de Terre-Neuve est censé l'avoir été sous le régime des lois du Canada à la date de sa délivrance.

(4) Une personne qui est citoyen canadien en raison de l'alinéa (iii) du paragraphe premier est réputée devenue citoyen canadien le jour où elle a acquis le domicile terre-neuvien.

(5) Pour l'application de la présente loi, la résidence à Terre-Neuve est considérée comme résidence au Canada, et l'expression 'domicile terre-neuvien' signifie domicile à Terre-Neuve durant au moins cinq ans."

LOI SUR LES PENSIONS ET ALLOCATIONS DE GUERRE POUR LES CIVILS.

47. Aux fins de la Partie I de la *Loi sur les pensions et allocations de guerre pour les civils*, chapitre quarante-trois des Statuts de 1946, une personne qui a servi à bord d'un navire non canadien certifié et qui, à la date où elle s'est engagée dans ce service, était domiciliée à Terre-Neuve, est réputée un ressortissant du Canada, et un navire qui s'est livré à l'industrie de la pêche de Terre-Neuve, dans les eaux de marée de Terre-Neuve, est réputé un navire qui s'est livré à l'industrie de la pêche canadienne dans les eaux de marée du Canada.

LOI DE 1946 SUR LES EXPLOSIFS.

48. Tout permis ou licence délivré sous le régime de la loi de Terre-Neuve concernant la fabrication, l'emmagasinage, l'importation et la vente des explosifs, chapitre cinquante-quatre des *Consolidated Statutes of Newfoundland, 1916*, est réputé un permis ou une licence délivrée sous le régime de la *Loi de 1946 sur les explosifs*, chapitre sept des Statuts de 1946, aux fins exposées dans ledit permis ou ladite licence, selon le cas.

LOI SUR LES PRÊTS COMMERCIAUX ET PROFESSIONNELS AUX ANCIENS COMBATTANTS.

49. Quiconque a pris du service actif

(i) dans l'une quelconque des forces navales ou militaires de Terre-Neuve ou, après avoir été recruté à Terre-Neuve, dans l'une quelconque des forces navales, militaires ou aériennes levées à Terre-Neuve par le Royaume-Uni ou pour le compte de ce dernier, ou

(ii) dans toute autre force navale, militaire ou aérienne de Sa Majesté et était, au moment de son enrôlement dans ladite force, domicilié à Terre-Neuve,

et a sa résidence et son domicile au Canada, n'a pas opté pour des bénéfices sous le régime de la *Loi de 1942 sur les terres destinées aux anciens combattants*, et aurait été admissible à une gratification aux termes de la *Loi de 1944 sur les indemnités de service de guerre* s'il avait servi dans les forces canadiennes, est réputé un ancien combattant aux fins de la *Loi sur les prêts commerciaux et professionnels aux anciens combattants*, chapitre soixante-neuf des Statuts de 1946.

Loi de 1946 sur les allocations aux anciens combattants.

50. Aux fins des alinéas (b) et (c) de l'article quatre et de l'article neuf de la *Loi de 1946 sur les allocations aux anciens combattants*, chapitre soixante-quinze des Statuts de 1946, les forces canadiennes de Sa Majesté comprennent les forces de Sa Majesté levées à Terre-Neuve et, aux fins de l'alinéa (d) de l'article quatre et de l'alinéa (b) de l'article neuf de ladite loi, le domicile à Terre-Neuve est réputé domicile au Canada.

Loi de 1946 sur les juges.

51. (1) L'article six de la *Loi de 1946 sur les juges*, chapitre cinquante-six des Statuts de 1946, est modifié par l'adjonction de ce qui suit:

"Trois juges de district du district d'amirauté de Terre-Neuve, chacun . . . 333.33."

(2) Ladite loi est de plus modifiée par l'adjonction, immédiatement après l'article seize, de l'article suivant:

"16A. Les traitements des juges de la Cour suprême de Terre-Neuve sont les suivants:

	Par année
(a) Le juge en chef	$13,333.33
(b) Deux autres juges	12,000.00

(3) Un juge de la Cour suprême de Terre-Neuve peut exercer un choix sous le régime de l'article vingt-six de ladite loi au plus tard le trente juin mil neuf cent quarante-neuf.

(4) Aux fins des articles vingt-deux à vingt-huit de ladite loi, la période pendant laquelle un juge de la Cour suprême de la province de Terre-Neuve a exercé les fonctions de juge de la Cour suprême de Terre-Neuve, antérieurement au premier avril mil neuf cent quarante-neuf, doit être comprise dans le calcul de la période pendant laquelle il est demeuré en fonctions à titre de juge d'une cour supérieure."

Loi de 1947 sur la députation.

52. La représentation à la Chambre des Communes établie par la clause quatre des Conditions de l'Union de Terre-Neuve au Canada doit être ajoutée à la représentation prévue par l'article deux de la *Loi de 1947 sur la députation*, chapitre soixante et onze des Statuts de 1947, et l'annexe auxdites Conditions d'Union doit être ajoutée à l'annexe de ladite loi.

Loi d'urgence sur la conservation des devises.

53. (1) Pour l'application de la *Loi d'urgence sur la conservation des devises*, chapitre sept des Statuts de 1947-1948, modifiée par le chapitre quarante-huit des Statuts de 1947-1948, pendant la période de douze mois commençant le premier avril mil neuf cent quarante-neuf, le fait d'apporter, de la province de Terre-Neuve dans toute autre province, des marchandises énumérées à l'annexe I, II ou III de cette loi, qui avaient été importées à Terre-Neuve avant cette date et qui ne sont pas des marchandises cultivées, produites ou fabriquées de Terre-Neuve, est considéré comme une importation de ces marchandises dans cette province en provenance du pays où elles sont cultivées, produites ou fabriquées; et

nul ne doit apporter ainsi ou tenter d'apporter ainsi toute pareille marchandise dans une autre semblable province, sauf conformément à un permis délivré aux termes de cette loi, de la même manière et sous réserve des mêmes conditions que si elles étaient importées de ce pays.

(2) Le gouverneur en conseil peut édicter des règlements en vue de l'exécution du paragraphe premier.

54. La présente loi entrera en vigueur immédiatement avant l'expiration du trente et unième jour de mars mil neuf cent quarante-neuf.

Appendice L/Appendix L

ACTE DE L'AMÉRIQUE DU NORD BRITANNIQUE (1949)

BRITISH NORTH AMERICA ACT, 1949

12-13 GEORGE VI.

THE BRITISH NORTH AMERICA ACT, 1949

CHAP. 22

An Act to confirm and give effect to Terms of Union agreed between Canada and Newfoundland.

[23rd March, 1949]

Whereas by means of a referendum the people of Newfoundland have by a majority signified their wish to enter into confederation with Canada;

And Whereas the Agreement containing Terms of Union between Canada and Newfoundland set out in the Schedule to this Act has been duly approved by the Parliament of Canada and by the Government of Newfoundland;

And Whereas Canada has requested, and consented to, the enactment of an Act of the Parliament of the United Kingdom to confirm and give effect to the said Agreement, and the Senate and House of Commons of Canada in Parliament assembled have submitted an address to His Majesty praying that His Majesty may graciously be pleased to cause a Bill to be laid before the Parliament of the United Kingdom for that purpose:

Be it therefore enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

1. The Agreement containing Terms of Union between Canada and Newfoundland set out in the Schedule to this Act is hereby confirmed and shall have the force of law notwithstanding anything in the British North America Acts, 1867 to 1946.

2. In accordance with the preceding section the provisions of the Newfoundland Act, 1933, other than section three thereof (which relates to guarantee of certain securities of Newfoundland) shall be repealed as from the coming into force of the said Terms of Union.

3. This Act may be cited as the British North America Act, 1949, and the British North America Acts, 1867 to 1946, and this Act may be cited together as the British North America Acts, 1867 to 1949.[37]

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[37] The Schedule to this Act reproduces the Terms of Union.

12-13 GEORGE VI.

ACTE DE L'AMÉRIQUE DU NORD BRITANNIQUE (1949)

CHAP. 22

Loi ayant pour objet de ratifier les Conditions d'union arrêtées entre le Canada et Terre-Neuve et d'y donner effet.

[23 mars 1949]

Considérant que, par voie de referendum, la population de Terre-Neuve a signifié, à la majorité des voix, son désir d'entrer en confédération avec le Canada;

Considérant que le Parlement du Canada et le Gouvernement de Terre-Neuve ont dûment approuvé l'accord renfermant les conditions de l'union du Canada et de Terre-Neuve, lequel est reproduit dans l'annexe à la présente loi;

Considérant que le Canada a demandé l'adoption d'une loi du Parlement du Royaume-Uni pour ratifier ledit accord et y donner effet, et que le Canada a consenti qu'une telle loi soit édictée; considérant que le Sénat et la Chambre des Communes du Canada, réunis en Parlement, ont présenté une adresse à Sa Majesté, demandant humblement qu'elle daigne faire soumettre au Parlement du Royaume-Uni un projet de loi à cette fin;

A ces causes, Sa Très Excellente Majesté le Roi, sur l'avis et avec l'assentiment des Lords spirituels et temporels et des Communes assemblés en session du présent Parlement, et sur l'autorité de celui-ci, décrète:

1. L'Accord renfermant les conditions de l'union du Canada et de Terre-Neuve, reproduit dans l'annexe à la présente loi, est par les présentes ratifié et a force de loi, nonobstant toute disposition des Actes de l'Amérique du Nord britannique (1867 à 1946).

2. En conformité de l'article précédent, les dispositions du *Newfoundland Act (1933)* autres que l'article trois (relatif à la garantie de certains titres de Terre-Neuve) sont abrogées à compter de l'entrée en vigueur desdites conditions d'union.

3. La présente loi peut être citée sous le titre: Acte de l'Amérique du Nord britannique (1949); et les Actes de l'Amérique du Nord britannique (1867 à 1946) et la présente loi peuvent être cités ensemble sous le titre: Actes de l'Amérique du Nord britannique (1867 à 1949).[38]

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[38] L'annexe à cette loi reproduit les Conditions de l'union.

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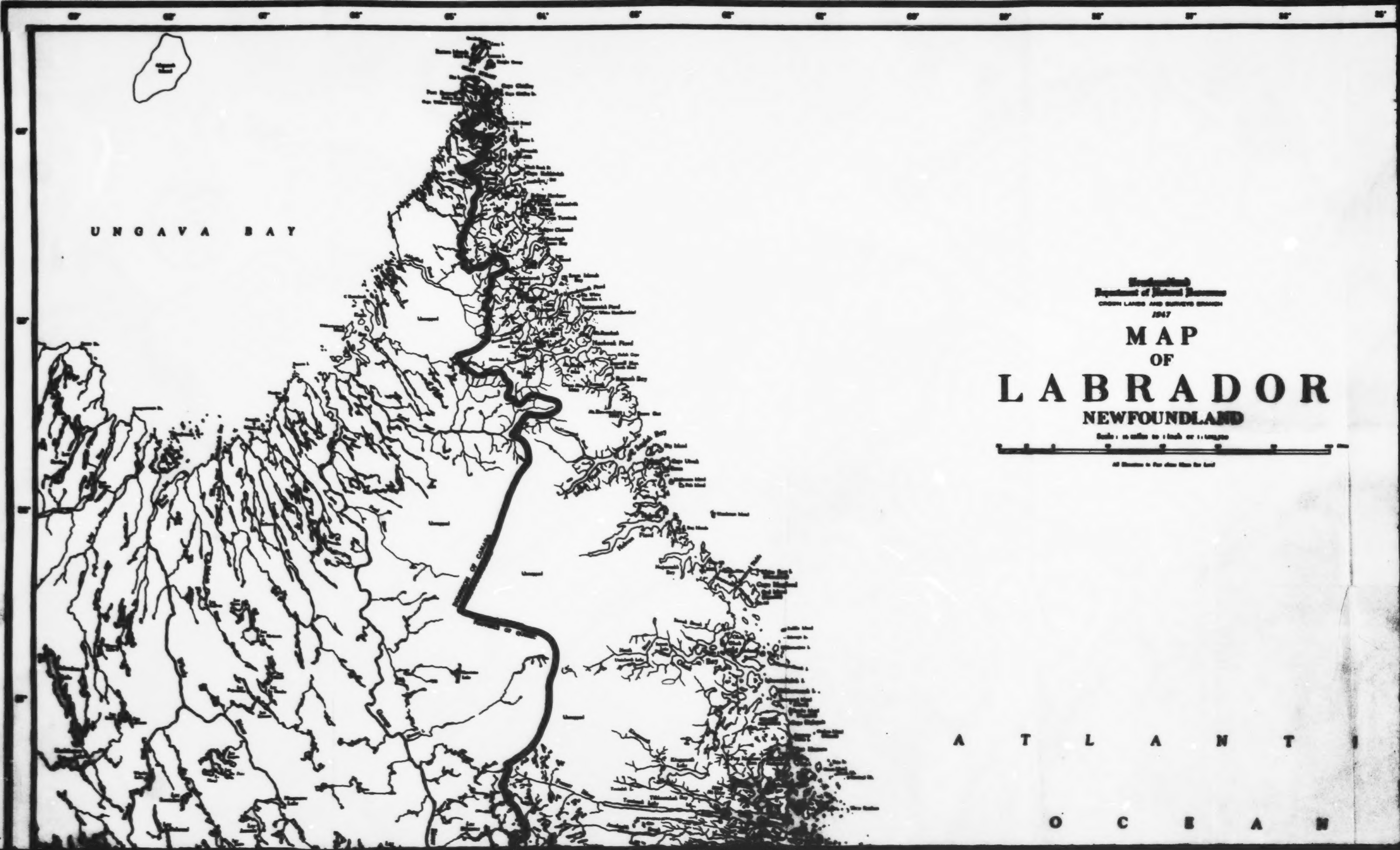
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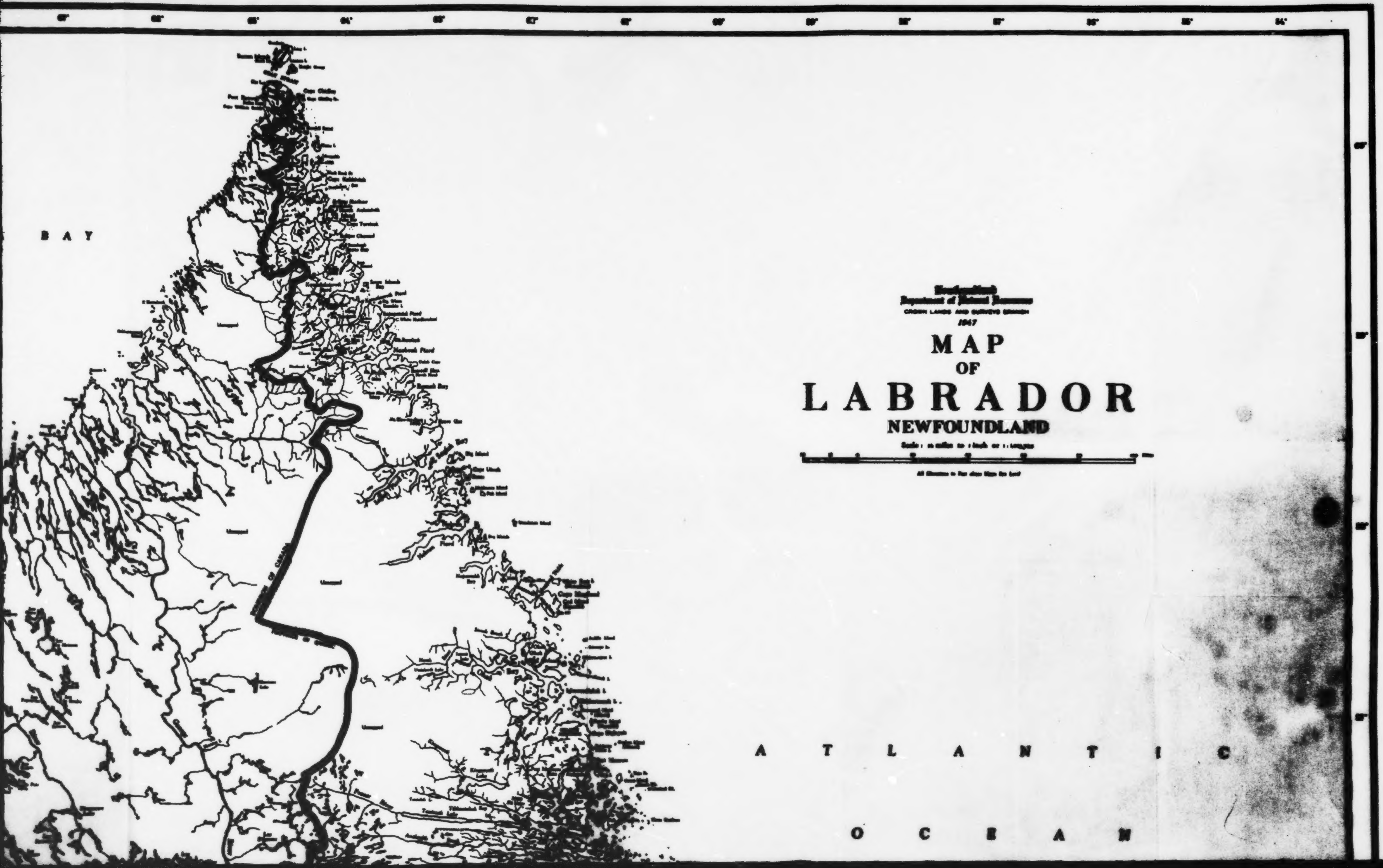
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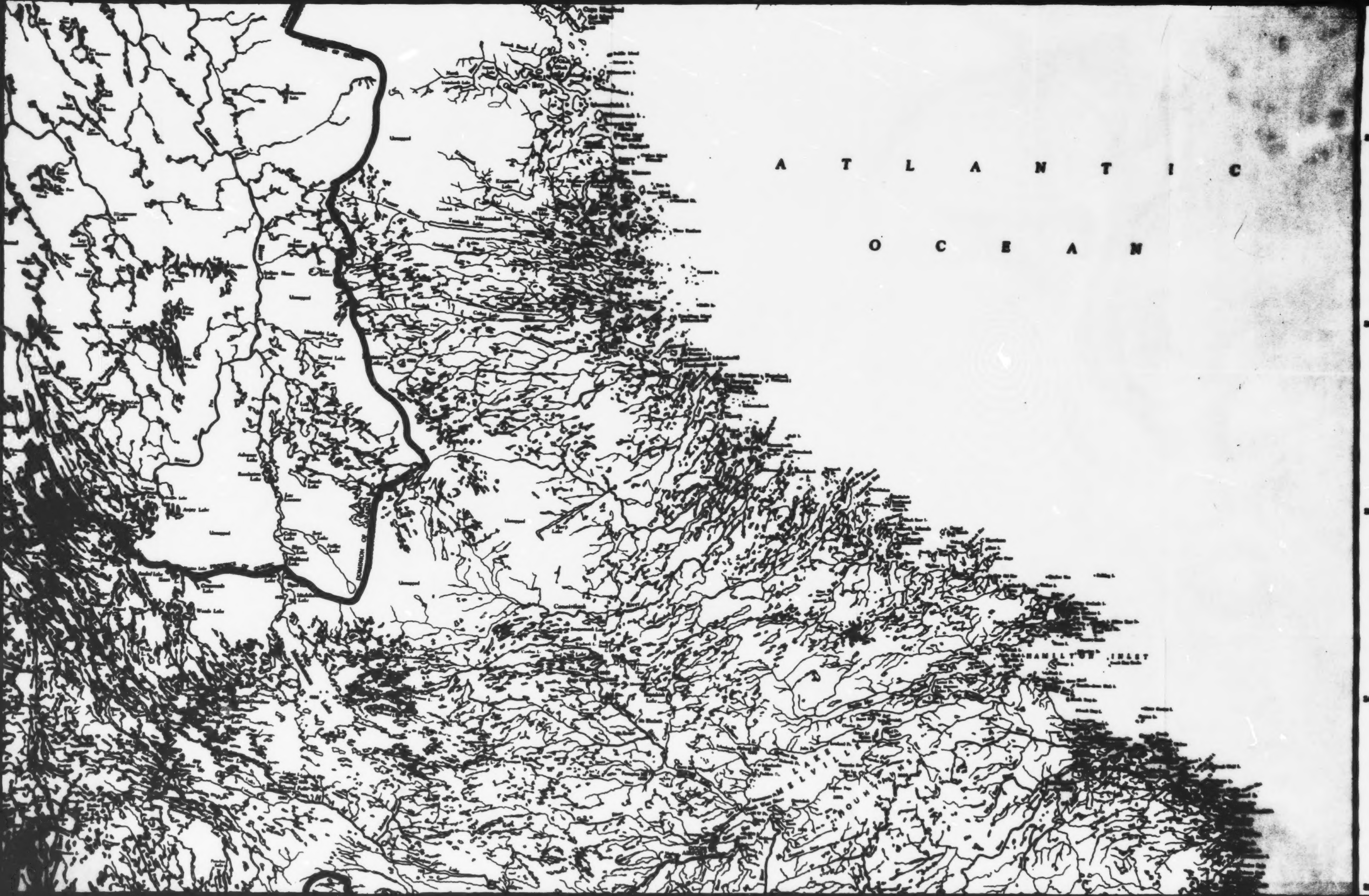
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